Attitudes on EEC integration explored, Page 12

**EUROPE'S BUSINESS NEWSPAPER** 

Monday July 22 1985

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## World news

## **Justice** demand for dam victims strike

Italian President Francesco Cossi-ga demanded justice for victims of the Tesero dam disaster after leading mourners at a mass for the dead, now officially numbering 197.
"There are responsibilities for this inhuman tragedy," he said.

inhuman tragedy," he said.

Government inquiries are under way into the collapse of the dam at Stava, 3km from Tesero. Formal legal warnings have already been issued, including to one of the two hypothers who atmost the first quarter of 1985, was last week given permission by a bankruptry court to void its contract with the steelworkers' union. brothers who owned the dam and a union. Page 2

## Spanish gas blast

Nine people died when an explosion believed to have been caused by a gas leak wrecked a crowded supermarket in the Andorran village of Pas de la Casa, close to the Spanish border with France.

## Soviet-Israel setback

Israeli Cabinet postponed a debate on relations with the Soviet Union because of fears that any renewal of ties had been jeopardised by dis-closure of secret contacts between the two countries. Page 3

## Austerity protest

Israel's 60,000 civil servants plan a two-hour strike today against the government's inflexibility over compensation for wage erosion and dis-missals which form part of its austerity programme. Page 2

## israeli attack

Lebanese security sources said several people were killed and in-jured when Israeli belicopters and troops attacked the south Lebanes village of Gabrinka - the first such action for three months.

## Textile talks

Western industrial nations and their Far East rivals in textile production begin talks tomorrow in ned at renewing the controversial Multi-Fibre Arrange

## Indian agitation

state of Gujarat, leaving at least another 40 dead, desorte a truce between authorities and groups prosting against reservation of jobs for underprivileged classes. Page 2

## French N-fuel plan

France is seeking British support for the establishment of a joint nuclear fuel reprocessing plant in the Rhône Valley as an alternative to UK plans to build a reprocessing complex in Scotland. Page 2

## Soviet ambassador Soviet Communist Party propagan- Page 15

pointed ambassador to Hungary, a move seen by Western diplomats as

## **Abortion hotline**

Spanish health authorities will open a telephone service to give women information on new abortion laws that they fear conserva-tive doctors will withhold, El Pais newspaper reported.

## Monsoon toll

Floods in the northern Punjab have killed at least 27 people, bringing the death toll in India's current

## monsoon season to 59: Portuguese trial

More than 50 alleged members of the Portuguese urban guerrilla group FP-25 go on trial amid tight security precautions in Lisbon to-day after the shooting of a key wit-

## ness. Page 2 Big winners

Bernard Hinault of France won the Tour de France cycle race for the fifth time - a feat equalled only by his countryman Jacques Anquetil and Belgian Eddy Merckx. Frenchman Alain Prost won the British defence group, increased its second-motor racing grand prix in a McLaren, and Briton Sandy Lyle won the British Open Golf Championship.

# U.S. steel group hit by all-out

Business summary

No. 29,681

WHEELING-PITTSBURGH, set enth biggest U.S. steel compa was hit by a walk-out of all 8,200 workers at its nine plants who were protesting at the company's plans to cut their wages and benefits by

CHINESE Government has approved proposals by engineers of Britain's National Coal Board for a large coal mining scheme, which might involve equipment orders es-timated at £80m (\$112m). Page 5

CHINA'S surging industrial growth is likely to be slowed in the rest of the year by curbs on credit and capital construction, according to the Economic Planning Commission. Industry grew three times faster than planned in the first half at 23.1

FINLAND'S trade surplus in the first half of 1985 fell to FM 2.6bn (\$435m) compared with FM 3.8bn a

PAKISTAN'S current-account deficit for the year to June was \$1.63bn, an increase of \$600m on 1983-84. SINGAPORE'S economy is bogged down and faces difficulties, said first deputy premier Goh Chock Thong. Page 2

NIKKEI-DOW market average in Tokyo shed 9.12 to 12,797.66 after trading on Saturday.

FRANCE has finally terms under which it is to renegotiate the \$4bn credit raised in 1983 at the height of pressure on the

## COMPANIES

ELECTRA Investment Trust and Candover Investments of the UK have launched a plan to assemble up to £300m (\$420m) as a standby facility for use in large UK manage ment buyouts. Page 5

tions is expected to call on British Telecom to place a temporary limit on its orders for AXE digital public telephone exchanges made by Thorn-Eriesson, a joint subsidiary of Thorn EMI and L. M. Eriesson of Sweden. Page 5

NATIONAL INTERGROUP, U.S. steel and financial services concern. reduced its losses in the second quarter to \$12.3m from \$17.9m in the first three months. Strong fi-nancial services profits helped to offset losses of \$8.6m and \$10.8m from aluminium operations and its half share in National Steel

da chief Boris Stukalin was ap- U.S. CABLE system operators won a key victory when an appeal court ruled out a federal requirement that they carry all local broadcasts watched by a significant number of

people free of charge, Page 2 SOUTHERN LIFE Association, South Africa's fourth largest life assurer, will today offer 23 per cent of its shares to the public for R152m (\$85.5m) in the biggest initial public offering in the history of the Johan-nesburg Stock Exchange. Page 15

UPI, the struggling U.S. newsagency, has filed an application in bankruptcy court to terminate its union contract, saying it must get wage and benefit cuts to help it find a buyer. Page 15

MULTIMEDIA, the U.S. TV station, cable television and newspaper group, agreed to pay \$113.88m for the 1.83m shares, or 9.75 per cent stake that Mr Jack Kent Cooke has acquired as part of his bid to win control of the group. Page 17

COMINCO, diversified Canadian zinc and fertiliser producer, suf-fered a CS8.6m (U.S.S4.9m) loss in the first half, compared with a C\$20.1m profit in the corresponding period a year earlier. Page 17

LOCKHEED, U.S. engineering and

# Police arrest 119 under S. African emergency law

THE PROCLAMATION of a state of Kwathema yesterday morning. ment was no longer prepared to tol- decreed by the Minister of Law and One of the consequences of the erate acts of violence and thuggery Order who may also impose any of emergency over large areas of the Transvaal and the Eastern Cape by President P. W. Botha of South Africa on Saturday night was swift-ly followed yesterday by the arrest of 119 people under the extensive powers granted to the police and other law enforcement agencies, writes Anthony Robinson in Johan-

At least 22 of those arrested were in a bus which was returning to Jonannesburg from the funeral of four black community leaders in Cradock in the Eastern Cape. The bus was stopped by police en route and taken to the John Vorster Square security police headquar-ters in Johannesburg. Police also set up road blocks while troops moved into the East Rand township

due to meet local newspaper editors of assault and even murder. and foreign correspondents today The proclamation, made in to explain the new rules.

The state of emergency, which applies to 36 magisterial districts, mainly in the Transvaal and the as well as the main focus of unrest

emergency is expected to be further mainly directed at the property and limitations on press reporting on person of law-abiding black people unrest in the townships, and Gen which take the form of incitement, unrest in the townships, and Gen which take the form of incitement, Johann Coetzee, chief of police, is intimidation, arson, inhuman forms

The proclamation, made in terms of the Public Security Act of 1953, came into effect at midnight on Saturday and increases the already exmainly in the Transvaal and the Eastern Cape, covers the main gold mining areas of the East and West Rand and also Sasolburg, site of the country's first oil-from-coal plant, cos — the police, the army, the rail-country's first oil-from-coal plant, cos — the police, the army, the rail-country's first oil-from-coal plant, cos — the police, the army, the rail-country's first oil-from-coal plant, cos — the police, the army, the rail-country's first oil-from-coal plant, cos — the police, the army, the rail-coal plant, cos — the police, the army, the rail-coal plant, cos — the police, the army, the rail-coal plant, cos — the police and the country that is not the country of the country that is not the country of the count way police and those in the prison in 11 months of violent protest service – to arrest any person with-which has cost more than 450 lives. out a warrant and to detain them In his announcement on radio for 14 days where they may be inand television on Saturday night, terrogated by any member of the President Botha said the Govern-force. Detention may be extended if

condition on those released from

Access to detainees will only be possible on permission from the Minister of Justice or the Commissioner of Police, and no person will about or received from detainees. Furthermore, any member of the security forces may search any person, premises or vehicle in the designated areas and may seize any article. It also becomes an offence to disclose without authorisation the identity of arrested people.

The maximum penalty for offences under the emergency regula-tions is imprisonment for 10 years or a fine of up to R20,000 (\$11,000).

entitled to any information missioner of Police.

Although only 36 magisterial dis-tricts are covered directly by the emergency regulations the law enforcement agencies have also been granted wide powers to extend the granted wice powers to extend the areas if necessary; to control the movement of people and traffic; to close any public or private place business or industry; to control essential services; impose curfews and control the gathering and distribution of runners and the services. tribution of news or any other action deemed necessary by the Com-

The granting of such wide powers of detention and arbitrary arrest and search has been widely con-demned by anti-apartheid, church, and opposition groups inside South Africa

Botha tightens the screw, Page 12

# UK and **Ireland** close to pact on **Ulster**

By Margaret van Hattem In London

BRITISH and Irish negotiators have entered the final and toughest phase of bargaining which should determine, over the next couple of weeks, whether they will reach agreement on the future of Northern Ireland.

While both sides are deliberately damping down expectations, in the knowledge that the deal might still fall apart, indications are that an agreement will be signed at a bilateral summit this autumn.

Much of the package has already been agreed in principle – enough to convince both governments that to pull out now would be disastrous, setting back progress for several

Instead, the agreement that is emerging would directly involve the Irish Government in the running of Ulster in a way calculated to undermine support for extremism on both sides of the sectarian divide.

The principle elements of the igreement include: A framework agreement – Dublin insists it should not be called a treaty – for a new Anglo-Irish rela-tionship, largely along the lines of the fifth chapter of the New Ireland Forum report, which laid down principles for accommodating the Unionist and nationalist traditions in the north. Central to that was on insistence that neither tradition should be allowed to dominate the other, that there should be equal rights and opportunities for all and that new arrangements should be freely negotiated and agreed to by the people of the north, and separately, by the people of the south. • A council or committee of ministers - the name has not yet been agreed - to some extent modelled on the EEC Council of Ministers, in which London ministers and their Dublin counterparts would develop policy in such areas as the econo my, administration and politics, se curity and the courts.

 A security commission, ing ministers from both governments, the Ulster Chief Constable and the Dublin Police Commission er, again with a policymaking role.

• A parliamentary body, in which of the H and the Irish Dail (parliament) would debate Anglo-Irish affairs. All those elements have been

agreed in principle. There is also an understanding – although it would not formally be included in the agreement – that the British Government will bring forward separate proposals later this year for a new attempt to devolve power to Ul-ster political leaders. That would be

Continued on Page 14

# Record trade deficit a key factor in devaluation of lira

BY ALAN FRIEDMAN IN MILAN AND MAX WILKINSON IN LONDON

THE ITALIAN lira has been effectively devalued by 8 per cent against the seven other currencies in the European Monetary System (EMS) after its spectacular collapse

on Friday. The decision was taken on Saturday night at the end of an eighthour meeting in Basle of top European monetary officials. Having seen the lira touch its lowest permitted point against the D-Mark on Friday and tumble by 20 per cent against the dollar, the European Monetary Committee, composed of senior EEC central bankers and monetary officials, agreed to a 6 per cent devaluation of the Italian currency and a 2 per cent revaluation of the other seven EMS currencies. Dr Hans Tietmayer, State Secre-tary at the West German Ministry of Finance, who chaired the Basle meeting, said that the lira devalua-tion reflected not just its fall on Fri-day but concern among all EMS-members about Italy's record trade

That has been fuelled by faster growth in Italy than in other Euroean countries which has sucked in imports. The trade deficit reached L14,554bm (\$8bm) in the first five

· The Italian currency crisis comes under discussion this past week have been the economy and the Saturday's talks in Basle centred sharing of power in Italy's state on the manner in which the devalu-

ation should be announced. Italian The new central parity rates for currenofficials would have preferred a cles in the European Currency Unit slightly more general realignment to disguise the plight of the lira. There appears to have been some

tional currency figure in bracket		e (forme
irish punt French franc Denish krone Dutch gullder D-lilark Belgien franc Luz. franc Halian fira Br. pound Drachma	0.724578 6.88402 8.12857 2.52208 2.2384 44.832 44.832 1520.6 0.555312 100.719	(0.72569) (6.87456) (8.14104) (2.52595) (2.24184) (44.9008) (44.9008) (1403.49) (0.585982) (87.4813)

television network. The latest crisis and devaluation might have an impact on the important five party talks which resume today.

Since agreement on the devaluation within the EMS could only be secured by accompanying austerity measures, the Italian Government announced on Saturday a package issued in the form of a decree, designed to reduce the 1985 public-sector budget deficit by L6,266bn. The 1985 total public-sector deficit is forecast to be around L100,000bn. Among the revenue generating

and spending reduction measures. which will still need to be approved months of the year - 75 per cent of to shift the scala mobile wage in-last year's entire deficit of dexation system from a quarterly to L19,000bn.

European officials have indicated just as the five-party ruling coali- that the Italian Treasury's suspention of Sig Bettino Craxi is negotiation of Sig Bettino Craxi is negotiation of dealings in the lira on Fring a programme designed to renew day came as a bolt from the blue, the Government's mandate for the next 12 months. Among key issues in Rome appears not to have percolated far in the rest of Europe. Saturday's talks in Basle centred

might move up against all other currencies, but that was rejected quite quickly. The disguising of part of the lira's devaluation as a revaluation of all other EMS currencies is

regarded by officials as purely cos-Ministers had been standing by for a meeting yesterday if agreement could not be reached by their officials. But it is now clear that ministers had no wish to spend a

discussion whether the D-Mark

weekend wrangling over a problem that is regarded as peripheral to the central parities of the EMS. Italy's three leading trade unions

CGIL, CISL and UIL - signalled on Saturday their willingness to a six-month review of wage indexa-tion. That in itself is striking as it follows last spring's bitter battle be-tween Communist unions and the employers over controversial cuts in the scala mobile decreed by Prime Minister Craxi. His cuts were confirmed in a nationwide ref-

erendum last month. Sig Craxi said at the weekend that "the Italian economy has an absolute need of a general consensus agreement. An autumn without agreement would represent a serious halt to our current cycle of

Sig Giovanni Goria, the Treasury ter, said yesterday that the Continued on Page 14 Background to the revaluation. Page 3

# Paris and Bonn seek to tighten defence policy BY DAVID HOUSEGO IN PARIS

FRANCE and West Germany are expected to take steps towards reinforcing their security collaboration at an important summit meeting between President François Mitterrand and Chancellor Helmut Kohl at the end of August.

The fresh initiative is seen as giving further impetus to the project for European political union that the two countries tabled at the EEC summit in Milan last month and coincides with a virtual all-party shift in French defence thinking to-wards a more European defence

At the same tine, the French hope that closer Franco-German military co-operation will be accom-panied by the West Germans rally-ing to the French position in the dispute over the European fighter aircraft – a dispute in which France currently finds itself isolated.

Reflecting the emphasis to be given to security questions at the sum-mit, Chancellor Kohl has already said in public that he intends to question President Mitterrand at the meeting on recent declarations by the French Socialist party that France's nuclear deterrent should be used to defend West Germany. Such German interest comes within in the West German administration of a Franco-German "security community" and of a "European defence initiative."

Senior French officials say the strengthening of defence ties might be marked by the French defining more clearly the role they intend for the newly created, 47,000-strong Rapid Deployment Force - thus spelling out more clearly their readiness to come to West Germany's

assistance early in a European conflict. French officials say that France

and West Germany might also agree to strengthen consultation procedures in the event of a Euro-Since coming to power, both Pres-

ident Mitterrand and Chancellor Kohl have already taken steps to strengthen mutual security co-operation between the two countries by reviving the defunct clauses of the 1963 Elysée treaty, which provided for regular talks on security issues between the two countries. French officials now say that they would expect President Mitter-

rand and Chancellor Kohl to con-suit together on the use of French tactical nuclear weapons in the event of a European conflict - a consultation that would have by no means been agreed practice with several of their predecessors. While formally distancing them-selves from the Socialist Party's

deciaration on the use of the French deterrent, the officials concede that there has been an evolution in French defence thinking to-wards using the deterrent to defend Frence's "vital interests" in the full sense of that term. They find nothing to quarrel with in the recent statement by former President Valery Giscard d'Estaing

- in itself an advance on the position he took while President - that "the invasion of West Germany would gravely put at risk the ultimate security of France." M Giscard d'Estaing said that it might thus precipitate the use of French

Continued on Page 14

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# Split decision from Opec likely on change in price differentials

BY RICHARD JOHNS IN GENEVA

A MEETING of oil ministers from currently running at little more the Organisation of Petroleum Ex- than 2m barrels a day (b/d) of price differentials likely to domi-

nate early discussions.

Last night it looked unlikely that the ministers would be able to reas-Opec's ability to prevent further erosion of crude oil prices.

geria, Libya and Iran still adamently oppose any reductions. They were the members that dissociated themselves with the majority agreement adjusting price differentials six months ago.

Sheikh Ahmed Zaki Yamani, tials are understood to have met

firmed yesterday evening that his involve lower price for heavier

be reluctant to take any unilateral

the ministers would be able to reas-sure the world oil market about least. That would give other mem-Opec's ability to prevent further bers a chance to fulfil their renewed sue at the meeting. Venezuela is likely to go its own way in matching Mexico's price and production discipline made a fortnight ago, way in matching Mexico's price cuts announced 10 days ago – Mexico's not an Opec member. But Al
Saudi Arabia is involved in close

The demand was reconfirmed by Gassim Taki, Iraqi Minister of as well as to obtain agreement on a readjustment of differentials.

Saudi Arabia is involved in close

The demand was reconfirmed by Gassim Taki, Iraqi Minister of as well as to obtain agreement on a confirmed by Gassim Taki, Iraqi Minister of as well as to obtain agreement on a confirmed by Gassim Taki, Iraqi Minister of as well as to obtain agreement on a confirmed by Gassim Taki, Iraqi Minister of as well as to obtain agreement on a confirmed by Gassim Taki, Iraqi Minister of as well as to obtain agreement on a confirmed by Gassim Taki, Iraqi Minister of as well as to obtain agreement on a confirmed by Gassim Taki, Iraqi Minister of as well as to obtain agreement on a confirmed by Gassim Taki, Iraqi Minister of as well as to obtain agreement on a confirmed by Gassim Taki, Iraqi Minister of as well as to obtain agreement on a confirmed by Gassim Taki, Iraqi Minister of as well as to obtain agreement on a confirmed by Gassim Taki, Iraqi Minister of as well as to obtain agreement on a confirmed by Gassim Taki, Iraqi Minister of as well as to obtain agreement on a confirmed by Gassim Taki, Iraqi Minister of commitments to price and produc-

consultations with four U.S. majors which are its former concessionaires and traditionally its main customers as well as partners in its

Saudi Arabia's Oil Minister, con-near Lausanne senior representatives of the companies that are partners in the operations of the Arabi-Government was seeking another ners in the operations of the Arabi-change and any adjustment would an American Oil Company. Their liftings have recently dropped to 500,000 b/d as a result of strict Saudi adherence to official selling rates

on decreasing the prices, instead of raising rates as happened in January, Saudi Arabia is understood to Mr John Kelberer, chairman of Aramco, is believed to be staying in action in the near future aimed at Geneva awaiting the outcome of the I boosting its flagging output. It is meeting.

Iraq's claim for a higher output quota looked as though it would deporting Countries today promises to be a stormy one with the issue of price differentials likely to domi
Riyadh appears now to be pre
stroy any serious chance of the proposal, debated in Vienna earlier this month, for a 7 per cent cut in pared not to press to extreme its de-mand for a guaranteed minimum b/d and pro rata reductions in indi-

The demand was reconfirmed by

Iraq wants Opec to concede it a quota of 1.8m b/d compared with 1.2m b/d now agreed, but has said that it will try to increase exports by the extra amount anyway, when it obtains extra export capacity through the spur line, scheduled to come on stream in September linked to the Saudi transpeninsular

pipeline to Yanbu. Dr Mohammed Gharazi, Iran's country that calls for an increase in its production quota is stabbing Opec from inside the organisation." He said his country was in favour of a 7 per cent cut in the ceiling and quotas. So, too, did Dr Mana al Otai-ba, chief delegate for the United Ar-

Sandi threat, Page 2

. CONTENTS

Editorial comment: Euro- Bahrain:

Management: UK high-tech Foreign Affairs: straws in back from the brink ..... 8 the Russian wind ...... 13 Technology: IBM and the Lombard: recycling the advance of science ...... 8 global surplus ......... 13 South Africa: Botha tightens Lex: the London compliance pean imperatives ...... 12 Survey ...... Section III

# Saudi Arabia threatens to turn the oil price slide into a cascade

Saudi Arabia, almost alone among Opec members, has been charging what it should for its oil under the pact on production and prices. It accounts for most of the 70 to 75 per cent of collective output being sold at official prices, while the rest is being supplied at S1 to S3 below them at \$1 to \$3 below them.

Saudi output has sunk to little more than 2m barrels a day (b/d). That is less than the kingdom was no longer half the 4.35m b/d it considers prepared to be the "swing its quota under the present producer" absorbing any slack

Opec accord, compared with the 3.8m b/d it could expect if collective production of 14m b/d— Arabia's fortunes and policy which has now probably fallen to below that level—were divided pro rata in line with agreed quotas. About 800,000 as it sought to moderate price b/d is consumed on the agreed quotas by charging less than growing the following in Saudi succeed in cutting its bud-blocking it. Another was getary spending from the agreed quotas, About 800,000 as it sought to moderate price by charging less than given.

'and, to a lesser extent, Ecuador, were largely responsible for blocking it. Another was getary spending from the agreed in cutting its bud-blocking it. Another was getary spending from the agreed quotas, About 800,000 as it sought to moderate price by charging less than privileged negition which Saudi form the agreed quotas, About 800,000 as it sought to moderate price by charging less than privileged negition which Saudi form the agreed quotas, About 800,000 as it sought to moderate price by charging less than privileged negition which Saudi form the agreed quotas, and the contractors at the end of last did succeed in cutting its bud-blocking it. Another was getary spending from the agreed quotas, and the contractors at the end of last were largely responsible for did succeed in cutting its bud-blocking it. Another was getary spending from the agreed quotas, and the contractors at the end of last were largely responsible for did succeed in cutting its bud-blocking it. Another was getary spending from the agreed privalent of \$84.22bn in 1981.

1982 to \$60.48bn in the fiscal rading in the past two years, but over-all it is estimated that as many as 1,500 enter-blocking it. Another was getary spending from the agreed privalent of \$84.22bn in 1981.

1982 to \$60.48bn in the fiscal rading in the past two years, but over-all it is estimated that as many as 1,500 enter-blocking it. Another was getary spending from the agreed privalent of \$84.22bn in 1981.

1982 to \$60.48bn in the fiscal rading in the pa

well aware that if Saudi Arabia fulfis its threat—as yet only heavily implied—to raise its output by lowering its selling rates, then the slide in prices, temporarily arrested by uncertainty, could become a cascade. At the last, inconclusive Opec meeting in Vienna a fortnight ago, Sheikh Ahmed Zaki Yamini, the Oil Minister, said the kingdom was no longer

r summer of discontent, ganisation of Petroleum Expring Countries (Opec) meets gain today in Geneva, badly to below that level—were divided pro rata in line with a struggles to resist the seemingly remorseless weight of market pressures rolling prices further downwards. Opec members now face the prospect of Saudi Arabia, whose strength has been mainly responsible for greventing a far more rapid descent, loosing its grip.

Saudi Arabia has given

Saudi Arabia's disproportionate for the content of the state. Another 175,000 b/d is consumed on the domestic market at no profit to other members, consequently priv raising its share of the Opec Arabia has form of long-term financial as a form of long-term financial foreign assets to \$160bm oil (£220mm). Even then, when per fail foreign assets to \$160bm oil (£220mm). Even then, when per fail foreign assets to \$160bm oil (£220mm). Even then, when per fail foreign assets to \$160bm oil (£220mm) as a form of long-term financial as a form of long-ter

was renewed commitment to was renewed commitment to discipline on prices and output, but overwhelming opposition to the lower rates for heavy crudes which might have helped Saudi Arabla to increase its sales. A Kuwaiti proposal for a 7 per cent cut in the Opec ceiling for the third quarter of 1985, with a rise of similar proportions in the fourth, seemed accept-able to a bare majority of seven, but insistent demands by Iraq

Algeria could have been expressing its opposition to the privileged position which Saudi Arabla has achieved in Opec. That is a matter of history, as well as muscle deriving from its oil reserves, but on grounds of fairness it would be difficult to justify. For most Opec mem-bers, it is difficult to acquiesce in an arrangement whereby the average Saudi, already with a far higher per capital income, is conceded at least 55 times as much oil as an Indonesia, 30 times as much as a Nigerian and 15 times as much as an Algerian. The majority feel that the kingdom, having profiled highly from the fat years and having piled up enormous

fell by more than half, from \$108.88bn to \$47.41bn. In the process, the Saudi Government withdrew \$22bn from its foreign assets. That apart, the cost of retrenchment has been neglible. Despite the growth of the private sector, state spending in Saudi Arabia

year, but over-all it is estimated that as many as 1,500 enterprises may have stopped trading in the past two years. In Saudi Arabia, where the religious courts regard past payments of interest as repayment of principal, bankruptey is year much a selection term. is very much a relative term, a fact which strikes horror into the hearts of bankers. The 1985-86 budget projects an 8 per cent reduction in

spending, together with what now looks a hopelessly opti-mistic 16 per cent increase in ie. of economic activity, with the public sector still accounting for half of gross fixed capital about another 15 per cent.

Gross domestic product probably fell in 1984-85 to the lowest level in real terms since 1978-79, as a result of lower oil production and prices.

Government payment delays in 1984-85 to the Government payment delays have been and the prime generator revenue. According to Mr Hisham Nazer, the Minister of Planning, the estimate was based on oil production of analysts believe a larger output would be required. The budget A was balanced at \$85.40n, and indicating a determination not do to draw on reserves this year. The march. Mr Alice of the production and prices. and having piled up enormous cash reserves. can and should tighten its belt for the sake of other members, not least those most heavily indebted.

In reality, it is not that easy to contract a stomach distended by years of over-consumption.

In the line in the lat year is need to draw on reserves this year.

In March, Mr Abdel-Aziz Zamil, the Minister of Industry and Electricity, put the value ating since the end of 1983.

They were not responsible for any of the well-publicised troubles of some of the bigger ment was drawing them down

presumably will have increased. Most analysts put the total now at about \$100bn, although perhaps no more than \$90bn, of which \$0 to 70 per cent would be liquid or in instruments which could be realised relatively quickly. Whatever the money available, the Saudi Government is

able, the Saudi Government is clearly intent on drawing as little as possible from its reserves. Apart from the state's needs to pay its bills and ensure minimal revenue, King Fahd cannot afford to let the recession deepen to the point where there is a danger of it arousing dangerous discontent. The indications are that Saudi action immediately but will delay any decision until autumn. Then, demand for Opec oil should be somewhat revived, giving other members a last chance to assert discipline and

agree to any change in price differentials required to give the kingdom what it regards as



Shelk Yamani: Kingdom po longer prepared to be the "swing preducer" absorbing any stack in demand for

# Peres moves to stem Cabinet leaks on closer Soviet ties

MR SHIMON PERES, the Israeli Mr Eduard Shevardnadze when Prime Minister, blocked any they both attend the UN discussion by the Cabinet about General Assembly in New York

tween the Israeli and Soviet ambassadors to France, but the Premier decided to prevent any discussion in order to lessen the risk of leaks on a politically

Officials in Jerusalem are concerned that the publicity surrouding the report of the meeting by Mr Avraham Sofer, the Israeli ambassador in Paris, may harm prospects for rebuild-ing relations that were broken off by Moscow at the time of the Israeli-Arab war of 1967.

Discusion at the private meet-ing betwee Mr Sofer and Mr Yuli Voronitsov, the Soviet Am-bassador, centred on three topics: the resumption of diplo-matic ties, Soviet Union participation in an international conference on the Middle East, and emigration \ Jews from the

According to a leaked version of the ambassador's report to Jerusalem, the Soviet Union ex-pressed willingness to allow more Jewish emigration in re-turn for Israel giving up most of the Golan Heights captured While Israel has consistently opposed an international peace

conference on the Arab-Israel dispute. Mr Peres did say recently: "Once the Soviet Union re-establishes diplomatic ties, there is no reason why the USSR should not have a place in the Middle East peace pro-

BY DIANA SMITH IN LISBON

THE TRIAL begins today in a

reinforced courtroom outside Lisbon of Lt.-Col Otelo Saraiva

de Varvolho and 73 civilians accused of being members of

a terrorist group, the FP-25 (People's Forces of April 25).

Lt.-Col Saraiva de Carvalho widely remembered as "Otelo,"

prime mover of the bloodless military coup of April 25 1974 that overthrew Portugal's 48-

year-old right wing dictatorship, is accused of being a founder

The group has been linked with a series of violent bank robberies, assassinations of

businessmen and bombing attacks in 1980.

discussion by the Caoinet about the Soviet Union.

One minister asked about a meeting in Paris last week be moscow leadership intends to the soviet with the new meeting in Paris last week be moscow leadership intends to the soviet was a signal that the new meeting in Paris last week be moscow leadership intends to the soviet was a signal that the new meeting in Paris last week be moscow leadership intends to the soviet was a signal that the new meeting in Paris last week be moscow leadership intends to the soviet was a signal that the new meeting in Paris last week be more than the soviet was a signal that the new meeting in Paris last week be more than the soviet was a signal that the new meeting in Paris last week be more than the soviet was a signal that the new meeting in Paris last week be more than the soviet was a signal that the new meeting in Paris last week be meeting which was a signal that the new meeting in Paris last week be meeting which was a signal that the new meeting in Paris last week be meeting which was a signal that the new meeting in Paris last week be meeting which was a signal that the new meeting in Paris last week be meeting which was a signal that the new meeting in Paris last week be meeting which was a signal that the new meeting in Paris last week be meeting which was a signal that the new meeting in Paris last week be meeting which was a signal that the new meeting was a signal continue the dialogue carried out during the last two years as a result of talks at the UN by the former Foreign Minister Mr Andrei Gromyko, and Mr Shamir,

Various diplomats and other Israeli experts on Soviet affairs have expressed doubt about the accuracy of Mr Sofer's report. They said it was unlikely that a highly disciplined Soviet diplomat would have criticised his own country's decision to break ties with Israel as having been "mistaken" and "emotional."

They found it even more unlikely that Warner Warner would

likely that Mr Voronitsov would have stated openly that he was leaving the Paris post or specu-lated about his being transferred to Washington to replace veteran Soviet Ambassador Anatoli Dobrinin.

 Israel's 60,000 civil servants are planning a two-hour strike before moon today to protest at what they see as the Govern-ment's inflexibility in talks about compensation for wage are part of the Government's

The Histadrut trade unions' federation has warned that there will be severe labour unrest if the Government fails to agree to give public sector workers the same compensation as worked out last week with the private sector.

in the Middle East peace process."

Mr Peres was expected to meet last night with Mr Israel

Mr Yitzhak Shamir, the Kessar the Histadrut secretary-Foreign Minister, hopes to meet general, to try to break the the new Soviet Foreign Minister, deadlock.

repentant member of the guer-

rilla group, was shot in a street pear his home at Costa da

Caparica, a coastal resort area near Lisbon.

The authorities are reported to have found incriminating

documents at Lt-Col Saraiva de

Carvalho's home near Lisbon,

questioned subsequently.

## West Bank town planned to sack Arabs

MR Shimon Peres, Israel's Prime Minister, yesterday or-dered his attorney-general to investigate plans by a Jewish town in the occupied West Bank to dismiss its Arab workers, Reuter

The Kiryet Arba Town Council agreed to dismiss the Arabs in a coalition agreement with Meir Kahane's anti-Arab Kach Party after it significantly gained strength in recent town elections.
The Prime Minister asked Mr
Yitzhak Zamir, Atterney-General, to report on the agreement's

legality. Mr Amnon Rubinstein, Communications Minister, urged the Cabinet to consider dishanding the town Council for discrimina tion. Kiryat Arba is a stronghold of extreme Jewish nationalism overlooking Hebron, which is in-habited mostly by Palestinians. Mr Shalom Wach, leader of the town council, said Kiryat Arba

employed about nine Arabs. He told reporters that government austerity was forcing the town to cut back on staff, and council members had agreed that Jewish employees would be preferred to

Israel has no law specifically outlawing racism, although, pari-

# Sidon camps'

tarian says money and large quantities of arms are pouring into Pal-estinian camps near Sidon amid fears of an attempt by Mr Yassir Aralat, the PLO leader, to provoke a conflict there.

the Lebanese parliament, in in an interview to be published to-day in the Beirut weekly, Monday Morning, that he believed Mr Arafat was trying to secure control of Ain al-Hilweb and Mich Mich camps as power bases in southern Lebanon.

He said Sidon's Syrlan-backed Moslem leaders regarded pro-Ara-lat forces as "hostile elements and actors of tension and maybe con-

1984, soon after the first 45 FT-25 suspects were rounded up. More suspects were arrested and "We have warned these people we have asked them to leave the Many international organisane – but the danger remains tions have pressed for the release of the charlsmatic leftvery strong in the coming two months, and we hope Arafat will wing officer since he was arrested a year ago but the not act in his usual manner," Mr

He added: "We are confid He added: "We are controem that no hostilities will erupt. But abould any incident happen, we will be prompt in cutting its roots to prevent it from spreading."

"If Arafut's men want a battle,

Asked to comment on reports that weapons and money were pouring into the camps, Mr Bizri said: "We do know that money is being spent on certain factions and personalities in order to . . .

Sidon) and provoke a conflict. "There are also huge amounts of weapons," Mr Bizri said. However, city leaders were trying to persuade the Palestinians to maintain peace.

camps to avert friction.

# Wheeling-Pittsburgh steel workers strike

Washington Reagan appoints budget director

U.S. CABLE television system brought by Turner Broadcast-operators and programmers ing and Quincy Cable System-have won another key round in Cable system operators argued

and local government restrictions on the industry.

A federal appeals court and cable elevision programstruck down a federal governmers argued that the rules

THE FIRST big strike in the invested heavily in new equipulation. Steel industry in 27 years ment and is said to have some began early yesterday when seem of the most efficient steel plants of the most efficient steel plants of the industry.

Show the steel workers of America, management and unions of which used to be one of the other steel producers since it will have an important bearing where are amongst the best raid of the country's blue. of Wheeling-Pittsburgh Steel Corporation, the country's seventh biggest producer, walked out.

The strike, over the com-pany's plans to cut workers' vages and benefits by up to 30 per cent, comes at a critical time for the company which filed for protection under Chap-ter XI of the U.S. bankruptcy

code last April.

It has warned that a strike would mean "the quick and certain death" of Wheeling-Pittsburgh. The company has

welcomes

**President** 

By Nancy Dunne in Washington

America's vast natural resources

and the garishness of its tourism enterprises, provided the backdrop yesterday for Li Xiannian, the Chinese President, on the first day of his 10-day

It is not hydro-electric power out nuclear power which will

highlight the Chinese visit in Washington where, after 15

months of controversy, a nuclear co-operation agreement is being

readied for signing. The pact wil make possible the sale of U.S. nuclear reactors and other

technology long sought by the

The ceremony surrounding the visit also will be the first formal public appearance for President Ronald Reagan follow-ing his recent cancer operation.

Although the agreement still

must receive a Congressional nod, White House officials believe that Chinese assurances

on nuclear proliferation will satisfy Capitol Hill. In addition to this symbolically important

pact, other agreements are expected on Chinese fishing rights in U.S. waters, cultural relations and education.

President Reagan's illness is

expected to limit his participa-tion in the visit to a welcoming

meeting tomorrow morning and a state dinner in the evening. Intensive discussion with administration and Congressional officials are expected on covered thorough the control of the covered the cover

several thorny policy differ-ences, including the perennial Chinese favourite—U.S. arms

The Chinese are expected to

express the hope that the U.S. will nudge Taiwan into accept-

ing proposals for peaceful re-unification. They may well also

express their annoyance about threats to their textile exports

**U.S.** court finds

Saunders guilty

THE former chief minister of the British-ruled Turks and Caicos Islands and one of his

Cabinet members were found guilty yesterday on drug con-spiracy charges, Reuter reports from Miami.

Former chief minister Mr

Former chief minister Mr Norman Saunders, 41. first foreign head of government ever detained in the U.S. on drug charges, faces up to 30 years in prison, Former Commerce Minister Mr Stafford Missick, 47, could be jailed for up to 35 years.

up to 35 years.

Federal Judge John Moore delayed sentencing until September 6. Lawyers for both men said they would appeal.

Mr Saunders was convicted on six counts of conspiring to travel or actually travelling from his impoverished Atlantic island chaim of 8,000 inhabitants to the U.S. to promote narcotics deals but was acquitted on a charge of plotting to import and distribute cocaine.

Mr Missick was found guilty on three counts for travel

on three counts for travel violations as well as conspiracy to import and distribute cocaine

sales to Taiwan.

Chinese

state visit to the U.S.

However, it faces high operating costs and has been hit by the strength of the U.S. dollar which led to heavy imports from foreign steel producers. In common with the rest of the industry, Wheeling-Pittsburgh

PRESIDENT Ronald Reagan

has chosen Mr James Miller, the chairman of the Federal Trade Commission to succeed Mr David Stockman as Director of the Office of Management

and Budget,
Mr Miller, a conservative
economist and an expert on

government regulation briefly headed the OMB's office of information and regulation in

operators and programmers have won another key round in their battle to liberalise federal

ment requirement that cable system operators carry free of

charge all locally broadcast stations watched by a significant

BY STEWART FLEMING IN WASHINGTON

virginia and Pennsylvania and if the company is forced to close its facilities permanently because of th strike, it could affect the strengthe of the union in future bargaining sessions. The union has a \$200m (£143.5m) strike fund and appears prepared for a long strike.

Many of the II S steel majors

expectations that Mr Donald

Regan. White House Chief of Staff, is taking the opportunity presented by Mr Stockman's departure to appoint somebody who will stick closely to the White House line on budget

policy. Mr Regan has been said

to be operating a "search committee of one" in seeking

povernment regulation briefly headed the OMB's office of information and regulation in The appointment comes amind fears that the budget process that reached an impasse which former member of the House of Representatives, is moving to the Wall Street investment banking firm of Salomon Brothers after leaving the OMB The appointment of Mr Miller, that impasse drew harsh the Senate approved the impasse drew harsh the Senate approved the impasse drew harsh the Senate approved the impasse drew harsh the Congressional decision to break Regan," he said.

U.S. eases rules on cable TV

that the regulations infringed their constitutional rights to

sometimes resulted in them being "frozen-out" of markets because all or most of the available cable channels were

stations watched by a significant number of people.

The court ruled that the Federal Communications Commission (FCC) requirements, in place since the mid-1960s, "are fundamentally at odds with the first amendment."

The case, which could now go to the Supreme Court, was

will have an important bearing on future wage negotiations

Wheeling-Pittsburgh's nine plants stretch across Ohio, West Virginia and Pennsylvania and if the company is forced to close the court permission to abrogate its wage contract with the steel workers and impose a new wage

"disgraceful."
Mr Regan's display of temper drew a swift response yesterday from Senator Robert Dole who.

along with several other Republican senators, feels that President Reagan abandoned

them when he agreed to a compromise framework for trying to settle the budget deficit which fitted more into

and pay-television premium channels like Time Inc's Home

Box Office movie channel, who

operators to offer their

However, the court's ruling is

seen as a serious set-back for local television stations—parti-

cularly those not affiliated to a large network or those that cater for a relatively small audience. The federal rules were originally framed to pro-

try to persuade local

stations.

industry. Wheeling-Pittsburgh is heavily unionised and argues that its future survival depends on clawing back some of the generous wage concessions and benefit package worth future bargaining sessions. The union in future bargaining sessions and benefit package worth future bargaining sessions. The union in future bargaining sessions from the union in future bargaining sessions. The union in future bargaining sessions.

flared again when leaders of the agitation disagreed among themselves on the agreement with the Government. At least one powerful organisation has an-nounced that the agitation will

dealt with by the state police.
The army was withdrawn from the riot-affected towns of Gujarat last week in a futile bid to bring peace to the state.
The continuing violence in Gujarat is proving a serious embarrassment to Prime Minis-ter Rajiv Gandhi even though constitutionally law and order is a state matter in India's federal strusture.

Pressure is growing on Mr Gandhi to intervene directly. Gujarat is one of the many states ruled by Mr Gandhi's Congress I party and the disturbances could be used by

SCIENTISTS finished analysing black box" recorders from the Air India airliner which crashed near Ireland last month as a former Indian airliner chief said vectoriay he

month as a former Indian airforce chief said yesterday he
believed an explosion might
have been responsible, Reuter
reports from Bombay.

Mr John Young, a specialist
from the U.S. National Transportation Safety Board, said
U.S. experts had completed
collection and analysis of
information from cockepit voice
and flight data recorder tapes
in Bombay.

and flight data recorder tapes in Bombay.

"More often than not we get questions from these boxes rather than answers. But we have now got the right questions to ask before we go about working on the wreckage," Mr Young said.

it is too early to draw any con-clusion in an inquiry which could take months.

But former Air Chief Marshal

Arian Singh said in Delhi he personally believed su explosion might have ripped open the jet sending it plunging into the

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# Contadora peace bid resumes

BY DAVID GARDNER IN MEXICO CITY

resumed yesterday pain a meeting at foreign minister last month's meeting where level in Panama designed to relaunch the peace process after the failure of a similar meeting last month, recently renewed U.S. aid for the Contras, guerrillas fighting and

ion efforts of the original Honduras, Costa Rica and El Contadora nations, Mexico. Salvador, the U.S's principle colombia, Panama and Veneurlas in the region, said the purpose of the meeting was to discuss the security questions, tion efforts of the original Contadora nations, Mexico, Colombia, Panama and Vene-

THE CONTADORA Group's recently that there was growing already contained in the efforts to bring a negotiated concern in Latin America at revised Contadora Treaty.

Peace to Central America the slide towards confrontation resumed yesterday with a in Central America.

The agenda for this week's meeting will be essentially the

meeting last month.

The effort was expected to be boosted by the establishment of a support group—probably made up of Argentina, Uraguay and Peru—to back the mediangement of the contrast grade embargo and Peru—to back the mediangement of the placed on the argument of the property of the contrast of the property of the contrast of the placed on the p

meeting will be essentially the same, but it is hoped that this time a formula can be worked out to accommodate discussion of Nicaragua's additional security concerns.

Nicaragua was the only Central American country to agree to the first draft of the Contadora treaty last September. Since then following the objections of the pro-U.S. caucus in the region, discussions have centred on revising the treaty and strengthening its security provisions.

## Minister says Singapore economy 'bogged down' BY CHRIS SHERWELL IN SINGAPORE

BY CHRIS SHERWELL IN SINGAPORE

SINGAPORE'S economy is problems since first quarter growth figures, of an annual three per cent, suggested the country was heading for its lowest growth in a decade.

Mr Goh, the most senior Minister after Prime Minister Lee Kuan Yew, was speaking to the Singapore Press just one day after a gloomy U.S. embassy forecast projected only 3 to 5 per cent growth in GDP this year.

His remarks provided the most detailed ministerial comment on Singapore's economic ment on Singapore's economic "less than half what we would like to have"

## More arrested over Austrian wine scandal Austrian police detained three

more wine merchants yesterday in connection with the doctored wine scandal which threatens to wreck Austria's wine trade, Police made their first arrest yesterday. They said all four wine merchants were detained in the province of Burgenland, a large wine-growing region, and were being held in the provincial capital of Eisenstadt or In the past week West German authorities have im-pounded thousands of litres of

# Gujarat death toll rises to 240 By K. K. Sharma in New Delhi HOPES that peace would return

Guiarat haye been sharply set back in the last three days as intense rioting and police firing led to at least 40 deaths. This takes the death toll in the five-menth agitation against jeb remonth agitation against job reservations to more than 240.

Mr Amarsingh Chaudhury,
the new Chief Minister of
Gujarat, told the state legislature on Friday that agitation
had been called off following
agreement with protest leaders
on demands for suspending the
rise in job quotas for the backward classes and tribes,
But soon after Mr Chaudhury's announcement, violence
flared again when leaders of the

also by Government employees who have been on strike and whose call for a general strike today is expected to lead to more violence.

The disturbances are being dealt with by the casts police.

the opposition against him.

## Analysis of Air India black box ends

Young said.
At least five U.S. aviation experts helping Indian scientists to study the recorders have said

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## A suspect who had agreed to testify for the prosecution was shot and wounded on Friday. Police said Sr Jose Manuel After the 1974 coup, Lt. Saratva de Carvalho vee sharply leftward from After the 1974 coup, Lt-Col Saraiva de Carvalho vecred sharply leftward from his Rosa Barradas, 34, a so-called former liberal stance. African leaders see hope in OAU rescue plans

Trial begins of alleged

**Portuguese terrorists** 

AFRICAN LEADERS heartened by promises of joint action on a rescue plan for the continent's economies, but the road to survival and sustained growth is strewn with hurdles, African officials say, Reuter reports from Addis Ababa. The plan, endorsed by an Organisation of African Unity (OAU) summit that ended chance to prove that it is serious saturday, offers more than a glimpse of hope, But African lems and does not want to be Governments will have to show eternally enslaved by the food

they are to put it into action, they say.

Beyond the problems of 150m hungry mouths and \$170bm (£122bm) of debt, African Governments must also solve their chronic security problems of rebel wars, lawlessness and attacks from South Africa if they are to reach the plan's defence.

masters, officials say, Resolutions at the summit call on African governments to double their budgetary allocations to farming from around 10 per cent now to 25 per cent over the next five years. This of they are to reach the plan's defence.

goals.

The OAU plan has two aims—
a five-year crash programme to
make the continent selfsufficient in food, and longerterm dialogue with the West
and its financial institutions to
bring about economic recovery.
The plan, the "Addis Ababa
Declaration," gives Africa a
chance to prove that it is serious
about tackling its own prob-

Governments will have to show eternally enslaved by the food unprecedented political will if aid loans of its former colonial they are to put it into action, masters, officials say.

# Arms, money 'pouring into

BEIRUT - A Lebanese parliamen

Mr Nazih Bizri, Sidon deputy in

we have numerous means to con-

front them ... they will find no one in Sidon to co-operate with them," Mr Bizri said.

Many of the 22,000 Palestini-ams in the camps back Mr Arafat, but Sidon's Lebanese Moslem leaders, who are allied to Syria, support efforts by the pro-Syrian Palestine National Salvation Front (PNSF) to take control.

egrate the unified ranks (in

Mr Bizri said Moslem militias were manning checkpoints in Sidon and Palestinian lighters had been asked to stay inside the

# The events of 'Black Friday' that led Italy's Treasury to crisis point

BY ALAN FRIEDMAN IN MILAN

IN ITALY people are already referring to the events of Friday, July 19, 1985, as "Black Friday." Italy was hit by a twin disaster, one financial, the other human; the fall of the lira against the dollar caused an embarrassing currency crisis but the collapse of a dam in the Italian Dolomites killed at least 200

Craxi has ordered investiga-tions into both disasters. However, it is already pos-sible to partly reconstruct the bizarre series of evenis which led the Italian treasury to shut down the Milan

Friday after the collapse of the Italian currency, as a prelude to Saturday's 8 per cent devaluation against other currencies in the European Monetary System.

It appears that late on Thursday evening Sig Craxi had talks with Giovanni Goria, the Treasury Minister, and Carlo Ciampi, the Governor of the Bank of Italy, about a devaluation.

The moment seemed propitious: the currency markets were calm, the Italian trade balance, fuelled by strong Italian import demands, had suffered a cumulative deficit in the first five months of this year of L14,544bn (£5.7bn) -- 75 per cent of last year's record trade deficit.

Meanwhile, the five-party coalition Craxi Government was midway through discus-sions to set out an economic programme for the next 12 months, including ways to cut the country's runaway public sector budget deficit, forecast for L100,000bn (£39bn) this

Then, on Friday, with the impending lira devalution still a Government secret, all hell broke loose: ENI, the state energy group, informed the Bank of Italy just after mid-day that it was going into the foreign exchange market to \$125m (£90m), needed to make a debt repay-

aware of its own plans for a devaluation, advised ENI not to go ahead with the opera-tion, but it was too late.

ENI had already given the buying order to one of Italy's biggest banks, the Istituto San Paolo di Turino. San Paolo weut into the market in Milan, buying more than \$70m even though its bigger market counterparts were unable to supply the dollars; more dollars were purchased in

By 1.30 on Friday afternoon the lira was crashing by nearly 20 per cent against the dollar, having sunk from L1,839 to he dollar to L2,200.

The Italian treasury, informed of the lira's colinformed of the lira's collapse, and also aware that the currency had moved to the absolute limit against the deutschmark acceptable under the EMS (1664.70 against the mark), took the extreme measure of closing down the foreign explores marks. foreign exchange market. At this point the eyes of the entire financial world focused

This chain of events has already provoked a typically

Italian exchange of accusa-tions. It has been further confused by suggestions from the Milan market that while the ENI dollar operation was an important cause of the crisis, there had also been leaks on Friday morning of the impending devaluation which caused heavy deliar speculation in Rome.

It has even been suggested that the Italian Government might have stage-managed the entire affair to pressure its EMS partners to proceed with realignment.

Sig Goria has been sharply critical of ENI, even before

urgent need to acquire U.S.\$125m on Friday because its debt repayment was not maturing until July 24," he said. This was why the Bank of Italy itself declined to provide the dollars to ENI.

The Bank of Italy did not intervene in the markets in defence of the lira. Why? It was argued by a senior government official that the central bank did not wish to prejudice the impending de-valuation.

Sig Franco Reviglio, ENI chairman, bas written to Mr Craxi defending himself by saying that the lira collapsed because of an incredible lack of contact between the Bank of Italy and ENI. ENI denies that its activity was specula-

San Paolo di Torino described its role as "normal routine and told the Financial Times at the weekend that it went on buying dollars even as the exchange rate shifted dramatically "because we buy on the market at the market price."

Mr Craxi is said to be highly irrate with both ENI, and the Bank of Italy, but the only thing clear so far is that for the Italian Government, something went terribly wrong on "Black Friday."

# Government pays for its months of scorn

BY JAMES BUXTON IN ROME

IN ONE tormented long week-end, beginning with the crash of the lira, which a leading end beginning with the crash of the lira, which a leading I/talian newspaper said made Rome the laughing stock of the European foreign exchange markets, Italian politicians have humbly paid the price for disdaining economic problems during the past six months,

Ways of checking the whole of last year

Ways of checking the the whole of last year.

momentum of the wage indexation system and measures to deficit for the same period trim the public sector deficit reached L8,000bn, double the have been idly discussed for figure for the same period of months. But only last week 1984, and well in advance of officials of the Bank of Italy official forecasts. Befor the were despairing of the Government finding the will to implement them, at least before the decicit of between \$6-7pm (55m)

for so long the measures had about \$3.5bn. to accompany rather than with the diprecede the currency devaluamore buoyan tion that sooner or later would markets it was not surprising have been necessary because that Italian companies found it have been necessary because of the wide inflation rate differential between Italy and

of the Bank of Isaly called them in his annual report at the end of May have been gathering for some time. In one sense the

In the

partners. West Germany and

for the year. Last year the current account deficit was

more remunerative to sell at home rather than abroad. In its EMS partners.

European export markets the But the policy could not be Sustained if policians did nothing to keep down labour of the Bork of Italia alled them

The last realignment in the of May have been gathering though the annual Italian economy has this year been the victim of its own success. It is growing for the second year running at about 2.5 per cent—nothing spectrum. Italian the standards but faster are by past standards but faster of the first than main trading of the second inflation rate had fallen 7 percentage points since then (last year it finally dropped government deficit with below 10 per cent for the first 13.5 per cent of gross of the second year running at about the second year running at about the below 10 per cent for the first 13.5 per cent of gross of the second year running at about the second year running year year year year year year year

ITALIAN E	CONOMY T	ABLE	
	1983	1984	1985é
GDP growth %	-0.4	2.6	2.25
Current acount balance (\$m)	602	-3,140	4,500
Consumer prices % increase Public borrowing requirement	16.5	8.25	7.5
as % of GDP	16.4	15.4	
* Forecasts			

exchange rate.
Although over the past few weeks the lira was allowed to drift down 2 per cent to the lower end of Italy's specially of Sig Bettino Craxi acknowwide fluctuation band of 6 per ledged these problems but did cent against its central rate in virtually nothing about them to the EMS, the Central Bank's about \$3.50n.

With the domestic economy more buoyant than export markets it was not surprising of imports as Italy tried to cut its inflation rate. It also wanted to help companies import block on wage indexation and capital goods relatively cheaply the election of a new President.

nothing to keep down labour in the referencests and make Italy more competitive by reducing the inflation rate, which has been stationary since last autumn at measures finding the state of the state o

not been reflected in the L111,000bn compared with the original target of 196,800bn. Some form of incomes policy was also needed.

> avoid offending voters on the eve of important local elections in May — which Sig Craxi called a mid term test of the Government — and a referendum on last year's temporary Only with the election over and a Government success won in the referendum, and with President Francasco Cossiga installed, could serious dis

measures finally begin.

been the victim of its own percentage points since then success. It is growing for the (last year it finally dropped second year running at about below 10 per cent for the first 2.5 per cent—nothing spectron—time in 11 years) there is still by past standards but faster a big inflation differential with than its two main trading other EMS members that has product is nearly three times and the urgency of the situation. The pace, nowever, scarcely to the 5m disability persioners, matched the urgency of the situation. The Bank of Italy and tackle these issues. The question is struction and the urgency of the situation. The Bank of Italy and tackle these issues. The question is struction and the urgency of the situation. The Bank of Italy and tackle these issues. The question is struction and the urgency of the situation. The Bank of Italy and tackle these issues. The question is struction and the urgency of the situation. The Bank of Italy and tackle these issues. The question is struction and tackle these issues. The question is struction and tackle the urgency of the situation. The Bank of Italy and tackle these issues. The question is struction and tackle the urgency of the situation. The Bank of Italy and tackle these issues. The question is product is nearly three times the product is nearly three times that it was parliamentary battle.

pointless to spend the country's foreign exchange reserves

postponing it. The measures adopted by the Government on Saturday should only be a first step, although they should immediately make Italian exports more competi-

tive and trim internal demand.

The shifting of a triggering of the Scala Mobile indexation mechanism from three to six months—accepted in principle several months ago by all the unions—needs to be followed by a thorough reform of indexation pay structure and

L6000bn worth measures to reduce the deficit, nism are allowed to diverge by still to be ratified by parliament, ought to be followed by trail rate measure in the permanent spending cuts. With no major election on the horizon for three years, the Government has an unprecedented chance to make real reforms.

An obvious target is the pension system. This is simply far more generous than the country can afford and is appallingly badly run.

But MPs of virtually every political colour recoll at the thought of trimming the bene-fits INPS hands out, especially economic to the 5m disability pensioners, Sig Craxi says he intends to tackle these issues. The ques-tion is whether he will win the

# Comic operatics take European monetary officials by surprise

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE DEVALUATION of the is now running at an annual currencles within the exchange rate of 6.5 per cent, just below that in the UK, whereas in not have any immediate effect on EEC farm prices, European capitals by surprise.

Currencles within the exchange rate mechanism of the EMS will not have any immediate effect on EEC farm prices, European Commission officials said yesterday.

remaining in an orderly manner well within their permitted

The eight currencies subject of to the Exchange Rate Mechaup to 21 per cent from a cen-tral rate measure in the European Currency Unit. How-ever, the lira is allowed 6 per cent of latitude because of Italy's historic difficulty in controlling its finances.

The central rates for all currencies were last fixed on March 20, 1983 after a turbulent four years in which currencies were realigned seven times Since 1983, the currencies in the ERM have enjoyed remark-able stability within the system. The traditionally weaker

currencies, including the franc and the lira, have been bolstered by relatively high interest rates and by signs that the authorities have been controlling inflation.

officials in the other main capitals by surprise.

It follows a period of almost unnatural calm in the European Monetary System, with all currencies, including the lira, exports have been seen to be less important than the pred exports have been seen to be less important than the need to contain import prices in the fight against inflation.

In February, for example, the Bank of Italy made it clear that it had no sympathy with some businessmen's calls for devaluation after a period in strongly within the EMS.

Most anxiety has therefore been directed to the effects that the grander movements of the dollar on EMS parities. As the dollar weakened, it was thought that speculative funds might flow ito the D-mark and force it towards the upper range

So far this has not happened. largely because of the British authorities' policy of maintain-ing high interest rates while

not have any immediate effect on EEC farm prices, European Commission officials said yester-

Effective price changes will only occur once the green rates changed at the initiative of the Commission — something which noramlly only happens once a year, usually at the farm price fixing in the spring.

However, the realignment will certainly require a change in the monetary compensation amount (MCA) for Italy (border tax used to protect farmers from currency fluctuations), assuming that the lira depre-

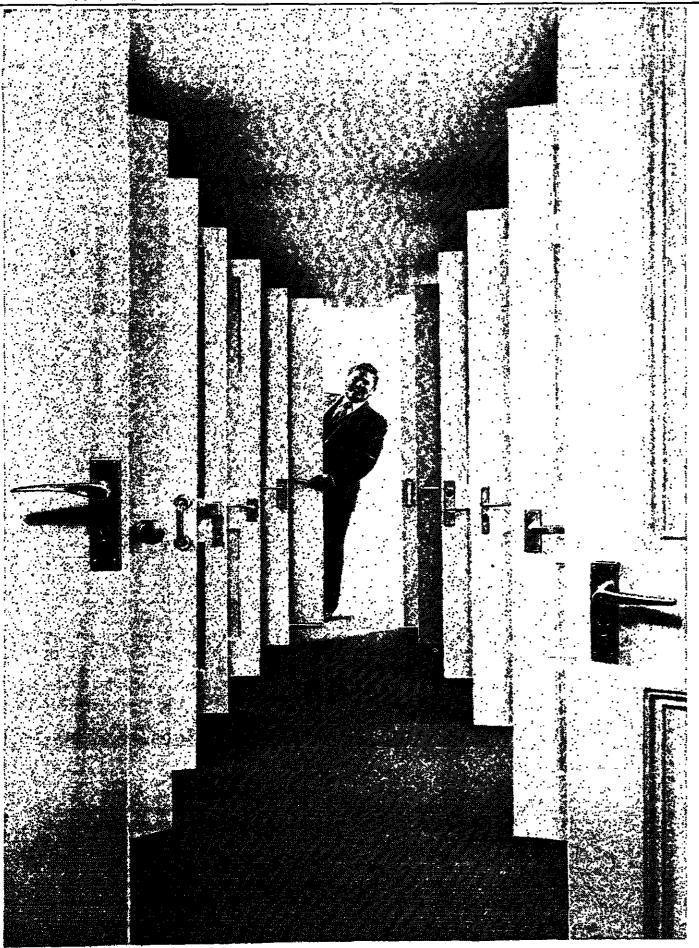
markets this week. Under rules agreed last year, only negative adjustments are made in MCAs to compensate for currency realignments. With valuing apart from the lira, the

brunt of the change. The change in the Italian they remain uncertain about MCA will depend on the personance of the lira on the neterest rates and by signs that he authorities have been ontrolling inflation.

The things in the Italian they remain uncertain about MCA will depend on the personance of the lira on the and the possible effects of a foreign exchange markets, for weakening oil price.

Quentin Peel adds from the pound sterling and the French inflation, for example

Brussels: The realignment of Greek drachma,



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BY OUR GENEYA CORRESPONDENT

international agreement, which fleets could eventually have important The implications for ship owners using flags of convenience, have been accepted by delegations

from some 100 countries.

The agreement defines the onditions on ownership, management and manning which countries, including those with "open registries" such as Liberia and Panama, should apply to ships sailing under their flags. apply to ships sailing under their flags. It could, however, be a decade

or more before the agreement is ratified and its impact is felt. The source of the agreement is the UN conference on conditions for the registration of ships which completed its third

session here on Friday. It was attended by delegations from the big shipowning nations, the developing countries and the

Mr Lamine Fadika, the Ivory Coast Marine Minister who chaired the conference, said the document agreed marked a "point of no-return" in shipping history. It defined the "genuine link" between a ship and the flag it flies, for which several UN conferences had

several UN conferences had called.

The principles represent compromises between the big ship
the definition of Father by governments or be issued only as a recommendatory instrument.

The potential importance of the agreement can be gauged owning countries and the developing countries who have been pressing for action against flags cent of the world' of convenience, which they see sailed under the fla as impeding their efforts to register countries.

THE BASIC elements of an expand their own merchant

fleet.s

The wording of the agreement is in many cases loose. On ownership it says flag states should include "appropriate provisions" for participation by their nationals as owners of the ships flying their flags. The level of participation should be sufficient to nermin the state. sufficient to permit the state to exercise effectively its jurisdiction and control over the

ships.
Under conditions governing management, the flag state
would have to ensure that the shipowning company is established or has its principal place of business within its territory. However, failing that, the state should at least ensure the

existence of a representative or "management person" who is a national of, or domiciled in, the state.
The manning clauses would require that a "satisfactory part" of the complement of

officers and crew are nationals, The conference will hold a fourth session early next year to decide whether the document should take the form of a convention to be ratified by govern-

from the fact that last year 202m deadweight tons, or 30 per cent of the world's shipping, sailed under the flags of open

## World Economic Indicators

		UNEMPLO	MENT		
		June 85	May 85	April 85	June 84
U.S.	000s	8.413	8.413	8.426	8.228
	%	7.3	7.3	7.3	7.2
UK	000s	3,178.6	3.240.9	3,272.6	3,629.7
	%	13.1	13.4	13.5	12.5
		May 85	April 85	March 85	May 84
W. Germany	000s	2,192.6	2.304.6	2,474.5	2,133.2
•	%	8.1	8.6	9.2	7.9
France	0 <del>0</del> 0s	2.282.6	2.338.3	2,419,8	2,167.5
	%	9.9	10.1	10.5	9.4
Italy	<b>000</b> s	2,907.2	2.932.6	2,973.3	2,683.3
	96	12.9	13.0	13.1	11.9
Netherlands	000s	737.0	748.1	773.4	807.2
	%	12.9	13.1	13.6	14.1
Belgium	000s	528.5	546.2	580.0	552.1
	%	12.8	13.2	14.1	13.4
		April 85	March 85	Feb 85	April 84
Јарап	000s	1.570.0	1.740.0	1,640.0	1,680.0
	%	2.4	2.6	2.5	2.6
		Source:	(except U.S.,		
					ونسسنين

## **Grain rates** from U.S. reach seven vear low

By Andrew Fisher,
Shipping Correspondent
"MIRACLES would help,"
said London shipbroker
Denholm Coates in a rueful comment on the lifeless state
of the dry cargo markets.
Grain rates from the U.S. last
week were at their lowest for over seven years and ship-owners are laying up more vessels.

Tanker markets were also slack, as general confusion about the world oil pricing structure combined with the summer holiday season in the northern hemisphere. There was some rise in activity from most loading areas, but the tounage surplus is still

Denholm said that bulk carrier vessels in the small-to medium-size ranges (20,000-75,000 tons) were being laid up by owners in berths around the eastern Mediterranean. Others were simply waiting around for cargoes. But the lay-up solution would take time to have on effect. Hence the call for miracles. The grain rate from the U.S. Gulf to continental Europe was \$6 (£4.2) a ton against \$10 or so late last year. To Japan, it was only \$11 compared with \$16 in

November. Galbraith's, another UK broker, said the serious over-tonnaging on the Pacific and Atlantic was unlikely to be reversed in the next few months. Last week, it said, "gloom continued to pervade the market."

Greece signs deal to buy 40 Mirages

Greece has signed a contract to buy 40 French Mirage-2,000 fighter aircraft to modernise its air force, Reuter reports from Athens. Greek Air Force chief Lieutenant-General Dimitris Apostolakis, who signed the deal with the company Dassault, said the first aircraft would be ready for delivery in 1988.

He said parts of the air-craft would be manufactured in Greece under a co-production programme. The cost of the contract has not been dis-

# U.S. moves to end Gatt stalemate

THE U.S. attempt to organise new international trade negotiations has been baulked. Furside the conference, into a decision will undoubtedly talks can be handled at the preparatory meeting.

The problem is that real tions has been bauked. Furthermore, the very survival of the General Agreement on Tariffs and Trade (Gatt) is being questioned after the failure of its council last week to agree on the convenion of a to agree on the convening of a meeting of senior officials to prepare for new negotiations.

The U.S. will this week take the unprecedented step of asking Sr Felipe Jaramillo, the Gatt chairman, to call a special session of the organisation's 90 contracting parties to discuss the issue. This is being billed as a make or break effort to get the new round of trade talks

Simultaneously this week trade ministers from some 60 in goods. developing countries will be Brazil meeting in New Delhi at a sought gu meeting convened by India. one of the firmest opponents of the trade talks, at least in the guise envisaged by the U.S.

The purpose of the Delhi

The industrialised countries underestimated before last week's Gatt council meeting the resistance of a hard core of developing countries, headed by Brazil and India, to the proposition that a new round must encompass trade in services.

India has consistently argued that services do not fall within the competence of Gatt. Brazil has been the protagonist of "delinking," advocating some form of twin-track programme, possibly even under Gatt aegis, that would keep talks on services separate from negotiations to reinforce world trading in goods.

Brazil and its allies have sought guarantees on delinking from the industrialised countries before they agree to a meeting to prepare the negotiations.

The U.S., the European for a general system of trade preferences between developing countries but the latest American effort to push Gatt in Co.5., the European Economic Community and Japan have maintained that no pre-conditions are needed, since all questions about the manner and content of trade

differences over the purpose of the new round have degenerated into a squabble over procedure

American exasperation over the stalemate centres princi-pally on Brazil. Mr Peter Murphy, the U.S. Ambassador, ralied against the "silly pro-cedural manocuvres" which at the end of a session lasting ine end or a session lasting until 4,30 on Friday morning prevented the Gatt council from reaching a conscrsus. The manoeuvres were masterminded by Dr Paulo Nogueira Batista, the Brazilian ambassador,

In the view of the industrialised nations a few countries, which together account for only a very small part of world trade, are blocking the way to trade negotiations, in which the large majority of Gatt members, including many developing countries, have declared interest.

The U.S. is trying, with the support of the EEC, Japan and Canada, to bypass the procedural obstacle by calling a special session of Gatt.

It may well obtain the backing of the 46 Gatt members it needs to force through a special session. Only 23 developing countries signed a paper last month spelling out their objections to, and reservations about, the new trade talks.

But more develoning coun-

But more developing countries than the hard core around Brazil and India will have doubts about breaking with the Gatt tradition of moving through consensus.

Brazil's attitude remains an

enigma. It appears to attribute Machievellian intentions to the Machievellian intentions to the Reagan Administration in Washington, arguing that the U.S. is trying to open up world markets for its bankers, insurers and other purveyors of services at the same time as it hinders through protectionist measures exports to the U.S. by developing countries badly needing revenue to service needing revenue to service their debts.

That reverses the argument deployed by U.S. negotiators who claim that, unless the developing countries agree to trade talks, the protectionist pres-sures on the Reagan Administration will prevail and the Gatt free trade system will collapse.

## Mitsubishi to import S. Korean car bodies

By John Griffthi

MITSUBISHI Meter of Japan is expected to import sheur is expected to import sheur is 12,000 South Koreas-produced passenger car bodies a year under a joint venture agreement signed with Hyundai Motors.

The agreement coincides with one between Manda and another South Korean producer, Kia Industries, under which a sub-compact car is to be developed for marketing by Ford in the U.S. Kia is building a plant to produce the model at the rate of 120,000 a year.

Both rentures are widely seen in Japan as precursors to other similar deals to take advantage of South Korea's

lower production costs.
Mitsubishi will instal cogines Milisubishi will abstat engines and other components at a plant in Japan to produce mished cars for domestic sale; Hyundai will produce and soll its own completed version of the car on its home market. Total output of 30,000 cars a year is envisaged, starting early next year.

The car, which replaces Missubishi's 22-year-old "Debonair" luxury model, is being designed and developed by Missubishi.

Hyundal, which produces the

Hyundai, which produces the Pony, a small hatchback, and y the Stellar, a Sierra-dised saloon, is shortly to launch an "X-car" hatchback, but has no luxury model in its range,

The venture which recently

The venture, which recently received South Korean government approval, could also involve the car being marketed in the U.S. Hyundai is setting units man sales approved to the up its own sales company in the U.S. through which it is likely to start selling its X-car next

By 1987, however.

Orlando, Florida, into a regular flight. No answer has yet been received from the Civil Aviation Department in Brasilia,

Transbrasil, meanwhile, has not yet given up hope of a charter route from Rio de Janeiro to Lille in France-regarded as a first step towards a scheduled service abroadded despite an initial rebuff from the Government.

Behind this push to extend their wings abroad lies the hard numbers of recession-hit domestic passenger traffic Passenger/skilometres flown fell 5.1 per cent in the first six months, compared with the same period in 1984

Vasp, owned by Sao Paulo state, and Transbrasil, a pri
International routes in 1973.

More than three-quarters of Varigs 1984 revenue of \$954m (£681m) last year came from its external routes. Internally it is thought to have lost money; but, together with its sister company, to the market. Organization and its vehicles are also to the launched in Japan in April. According his company's position. Sr Helio Smidt, president of Varig, which is privately owned, warns that the entry of one or another Branhian carrier onto international routes of very increased their equity stake in Hyundai could be selling the larger car through fheir respective outlets.

The joint venture model is to be launched in Japan in April. According his company's position. Sr Helio Smidt, president of Varig, which is privately owned, warns that the entry of one or another Branhian carrier onto international routes. Internally it is thought to have lost money; but, together with his sister company. The joint venture model is to be launched in Japan in April. According his company's position. Sr Helio Smidt, president of varig, which is privately owned, warns that the entry of one or another Branhian carrier onto international routes. Internally it is thought to have lost money; but, to large the larger car through the larger car through larger car through it is thought to have undered in Japan in April. According his company position. Sr Helio Smidt, president of their wings abroad lies t

# China cancels order for Taiwanese motorcycles

BY BOB KING IN TAIPEI

ONE OF Taiwan's largest manuscress caveats from Taiwanese facturers of motor cycles, which had hoped to profit from the warned manufacturers here of boom in indirect exports to over-reliance on the China mar-China, through Hong Kong, is ket while turning a blind eye now serving as an example of to indirect trade.

Paijifa Industrial, which manufacturers small motor cycles largely for sale on the domestic market was caught off quard last week when Chinese importers allegedly cancelled without to indirect trade. Taiwan officially prescribes any links, including trade, with mainland China with which it has been technically at war for almost 40 years.

But recent government mainland china with which it has been technically at war for almost 40 years.

But recent government mainland china with which it has been technically at war for almost 40 years. importers allegedly cancelled without explanation an order for more than 6,000 machines. The move forced an indefinite closure of the company's plant.
... the lay-off of several hun-

The cancellation also left the company more than \$1m Taiwan views China's attempt (£714,000) in debt for the motor to woo Taiwanese exports as cycles, which it had, according to local press reports, aiready to completed and was preparing to ship. The reports said the company's president had issued post-dated cheques worth more than athorise of the foreign explanate in China in the foreign explanation of the foreign explanation of the foreign explanation of the foreign explanation in China in the cancellation of the cancel

said that it did not care about, nor did it wish to know about trade transactions through third countries, have pushed Taiwan-ese exports to China through Hong Kong, to record levels in

S2m in expectation of the foreign exchange in China, it Chinese letters of credit through may nonetheless prove a soberits Hong Kong agent. ing experience for manufacturers here, who had hoped to the demise of Paijifa, underwin a share of that market.

## Brazil airlines press for more international flights

BY ANDREW WHITLEY IN RIO DE JANEIRO

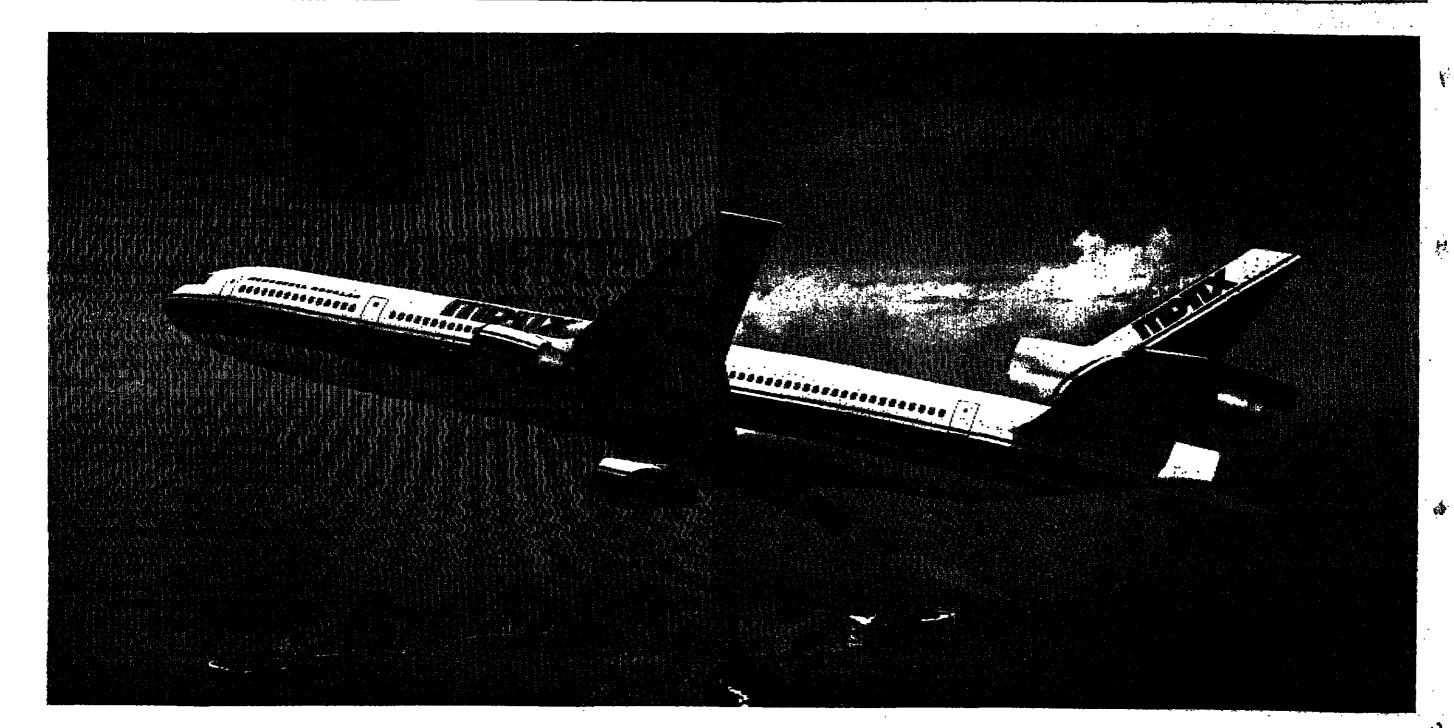
THE Brazilian Government is vately owned airline based in coming under heavy pressure Brasilia, have had to scrap am-THE Brazilian Government pressure Brasilia, have bad to scrap recoming under heavy pressure Brasilia, have bad to scrap from Vasp and Transbrasil, the bitious re-equipment plans and biti monopoly of international sche-duled flights enjoyed by Varig, Brazil's successful international brasil president, and Sr Antonio
brasil president, and Sr Antonio
Angarita, the state-appointed
head of Vasp, is that Varig has
been largely spared these
rigours, because of the 15-year
monopoly it was awarded on dag carrier.

Vasp wants to convert its charter flight route from Sao Paulo to the Caribbean and Orlando, Florida, into a regular flight. No answer has yet been received from the Civil Aviation Department in Brasilia,

What annoys Se Omar Fontana, the outspoken Trans-

international routes in 1973.

More than three-quarters of



## **NEW 3-ENGINE PROFIT CENTER: THE MD-11X**

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of just such concern. Its seat mile costs promise to be substantially below those of the 767 and operating costs for the MD-11X will be 35% lower than those of the 747 while maintaining

comparable seat mile costs.

It will have a bigger cargo capacity than either aircraft-and, after accommodating passenger baggage, will have 57% more

cargo capacity than the 747. To convey the size and capabilities of the MD-11X, a comparison with our DC-10-30 may help: the MD-11X fuselage will be 22 feet

longer; it will comfortably welcome 54 more passengers (that's 331, mixed class); it will have new high-efficiency engines, and its range will be increased to over 6,000 nautical miles.

Much will be new on the flight deck. The flight management system, the cathode ray tube displays, the digital autopilot-all are state of the art. Most important, by automating flight engineer functions, the cockpit crew will now be two, further reducing operating costs.

Main cabin interiors have been redesigned as well with many passenger-pleasing fea-tures. Travelers will discover larger storage compartments throughout plus new overhead bins for those seated in the center sections.

The new MD-11X. It blends advanced technology with proven reliability.

MCDONNEL DOUGLAS

# Management buyout finance plan launched

a stand-by facility for use in large solve this problem by gaining the UK management buyouts has been consent of subscribing institutions institutions respond as expected, est so far suggest that Electra this will be by far the largest facili-

committed on the scheme, addition- vestment Trust - the largest shareal sources of loan finance could holder in each - will commit up to take the total capital available to £20m. the Electra Candover Direct Investment Plan over the £lbn mark.

tended to meet an increasing de-notably pension funds, who wanted mand for finance packages to buy to make more unlisted investments companies which are significantly but lacked expertise in assessing larger than those which have been them involved in UK buyouts so far. It follows the pattern of U.S. equity finance "pools" which have indirectly companies, but other unquoted

up to now been limited by the diffi- altogether. There could be many

by Electra Investment on their behalf without delay.

Indications of institutional interty of this kind put together in the culty in raising more than £200m: UK. Electra is itself putting up £10m, Assuming that the full £300m is and Candover £2m, while Globe In-

The plan's investments are to be culty of putting finance together large UK subsidiaries of U.S. corquickly enough, when a large numporations thrown on the market by ber of investing institutions need to mergers," he said. Lex, Page 14

## **Parliament** set for pay rise rebellion

By John Hunt

THE GOVERNMENT faces a rebellion by some Conservative MPs in the House of Commons tomorrow over its decision to award salary increases of up to 48 per cent to top civil servants, judges and senior of-ficers of the armed forces.

Up to 20 Tory backbenchers will show their anger at the Govern-ment's handling of the affair by refusing to vote for an increase in the salary of Lord Hailsham, the Lord Chancellor, from £86,250 to £77,000.

In fact, Lord Hailsham draws only £39,980 of his current salary and has said that he will not take the

However, the rebels will use this as an opportunity to demonstrate their dissatisfaction at what they believe to be the insensitive way the Government has made the large awards to "top people."

They are astonished that it has come at a time when the Government is seeking to hold down public sector pay and are particularly conthe teachers' dispute.

Government whips are finding it difficult to assess the size of the rebellion, as it seems to spread across the party spectrum, including right-

The Government has ensured that the motion will be debated after 10pm and this should limit the

One or two Tories could vote against the Order, but abstentions are more likely. A larger number of Tories are expected to be discreetly absent as a sign of their disenchant-

Some backbenchers believe that Mrs Margaret Thatcher, Prime Minister, should move the Order and reply to the criticism. It now seems likely that the uneviable task will fall to Mr John Biffen, Leader

> Tyndall Bank (Isle of Man) Ltd

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that the plan seemed attractive to a The Electra Candover plan is in-number of large UK institutions

groups of institutions to companies will be considered. Mr mount offers for companies as large Michael Stoddart, of Electra, said that the scheme would probably The size of deals in the UK has make eight to 10 large investments

## Bank studies legal position on staff losses

BARCLAYS BANK is examining the possibility of taking legal action against a group of dealers who are leaving Wedd Durlacher Mordaunt, the stockjobber which is in the pro-cess of merging with Barclays, to join a rival firm, Martin Dickson

Eight of Wedd's dealers said earli er this month that they were leav ing the firm to join the securities operation being set up by Kleinworf

Benson, the merchant bank. The move is one of the bigge staff losses from a major firm since the start of the financial services revolution in London two years ago and comes on top of a wave of indi vidual departures from Wedd over the past few months.

Barclays said yesterday that i was consulting its lawyers about the possibility of legal action, but it declined to comment on what grounds there might be to pursue a

The bank is thought to be keen to draw a line establishing some limits to the movement of individuals be tween firms amid the upheaval of the City revolution.

The eight leaving Wedd Durlacher include two senior partners – Mr Charles Hue Williams and Mr Wil-<u>liam Mellen – three other partners,</u> and three staff members. Barclays declined yesterday to comment on their conditions of employment.

COMPLETION of another section of a 122-mile motorway around London is set for next month, leaving only 27.9 miles to complete by the end of next year. The £909m project, called the M25, is expected to relieve congestion in some areas. but may increase problems at the Dartford Tunnel, which carries traffic under the Thames east of Lon-

□ SLIMMA, a major supplier of men's and women's clothes to Marks & Spencer, plans to develop a chain called Second City, which will sell clothes rejected by Marks. Slimma is launching the venture in conjunction with British Shoe Corporation, the country's largest footwear retailer. The two plan to open

☐ IRON foundry industry in Britain lost 56.4 per cent of its work-force between 1973 and 1983 when more than half of the country's foundries were closed. Total pro-duction fell from 3.445m tonnes to 1.449m tonnes during the period, according to a survey by the Govern-ment Business Statistics Office.

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# Telecom may face Axe purchase limit

BY GUY DE JONQUIERES

THE OFFICE of Telecommunications (Ofiel) is expected to call on British Telecom (BT) this week to the decivery of an initial 100,000 awarded to Thorn-Ericsson. ders for Axe digital public tele-phone exchanges made by Thorn-Ericsson, a joint subsidiary of Oftel believes that BT's decision Thorn EMI and Sweden's L. M.

dustry that BT's purchases of Axe lems. equipment could harm Britain's Oftel, which is expected to pub-System X public exchange and its lish its recommendations tomor-

place a temporary limit on its or- Axe exchange lines in the second

fied, but is considering proposing are expected to rise to close to 3m that BT should not exceed for the lines from the middle of next year. next three years the order levels sponding to concern in Parliament announced so far unless System X mending special arrange and the UK telecommunications in- is afflicted by severe supply prob- strengthen Britain's position in dig-

Oftel, which is expected to pubsished in the possible options, on this its recommendations tomorwhich it will decide before issuing two manufacturers, Plessey and the row, favours open competition be- its report:

BT has said that it aims to use Axe to meet up to 20 per cent of its annual digital exchange orders toto buy Axe was commercially justi- tal about 2m lines at present and Oftel is also considering recomital exchange technology. It is

General Electric Company. tween Axe and System X for orders Calling on Thorn-Ericsson to BT has so far placed Axe orders after mid-1988. Plessey and GEC transfer more Axe technology to worth an estimated £100m and has

in Sweden.

 Requiring BT, which has alread spent more than £300m to develop System X, to ensure that develop ment work is undertaken on future

 Calling on the Government to set up suitable development facilities in co-operation with UK telecommunications manufacturers.

BT may decide voluntarily to observe Oftel's recommendations, or these could be imposed by the Gov-ernment. Oftel was asked to investigate BT's ordering policy by an all-party group of MP's whose constit-uencies include System X factories.

crest head of production, to return

to being an independent produces

# Goldcrest parts with its chief executive

THE DEPARTURE of Mr James produced earnings well below its slip back into loss this year.

Lee as chief executive of Goldcrest target for capital employed. Last

The immediate reason for Films and Television at the weekend increases the uncertainty facthe flagship of the British indepen-dent film industry.

month the company announced its first annual profits - a pre-tax prof- McKenzie consultant and chief ex-

it of £1.6m on turnover of £14m and ecutive of Pearson Longman who average capital employed of £23.1m. belped to found Goldcrest with Mr Mr Michael Stoddart, chairman Jake Eberts in 1980, was a differ-Goldcrest has been involved in of the private company in which the financing of the Oscar winning films Gandhi, Chariots of Fire and The Killing Fields, yet so far has the financial of the private company in which ence of opinion over a company reorganisation.

Times has a 41.2 per cent stake, The issue arose after the decision of Mr Sandy Lieberson, the Gold-The issue arose after the decision

is the unanimous option (sic) of the

board, with the exception of Mr James Lee, chief executive, that a new head of production be appointed with very considerable delegated

ders for UK-made mining equip-

pear well placed to secure. Under the initial feasibility study

It is part of the Kailuan mining complex, whose overall output China wants to increase from 20m to Tangshan, the UK mining equip 35m tonnes a year. This is part of ment industry is this year reporting the national programme for boost-ing total coal output from about

700m tonnes a year to 1.2bn tonnes a year by the end of the century. The NCB study allows for the construction of three shafts, the driving of roadways into new coal reserves, and coal preparation and

handling facilities.

# Chinese approve British proposal to rebuild coal mine

THE CHINESE Government has NCB to conduct the pre-feasibility approved initial proposals by plan last summer, it was also anticengineers of Britain's National Coal instead that the board might also ad-Board for a large new coal mining vise on other work in the Kailuan scheme, which could reap big or complex.

The board is now awaiting Chinese approval for the full feasibility The plan, to rebuild and extend study showing how the Tangshan the Tangshan mine in Hebei province, northeast of Beijing, could involve equipment orders estimated cost of equipping it at around £80m, which British suppliers apmuch of which would be imported or manufactured in China by jointventure companies.

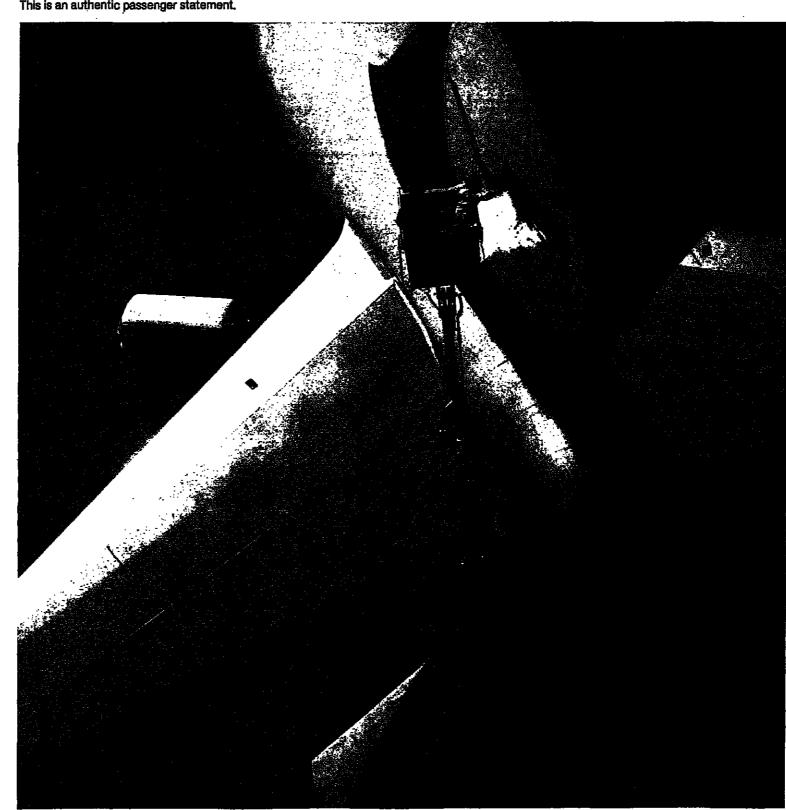
by NCB consultants, the mine Already regarded as a potential would be expanded to raise its output from 3.5m tonnes a year to 5m suppliers, it would be the biggest Chinese coal project in which Brit-

Even without a firm decision on bigger earnings from China.

After three years of faltering or-ders, the Association of British Mining Equipment Manufacturers says orders from China in 1985 and 1986 may reach C80m. This com-pares with less than £30m worth of orders last year and marks a return towards the record £122m worth of orders in 1979 and 1980.

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Floating Rate Note Issue of

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The rate of interest applicable to the interest period from July 22, 1985 up to January 22, 1986, as determined by the reference agent is 82 per cent per annum namely USS421.67 per note of US\$10,000.

UNION DES BANQUES ARABES ET FRANCAISES

Succession No. 12 will be payable as from January 15, 1986 at a price U.S.542.17 which is 8ucg interest worked out on a basis of 182/350th covering the period from July 15, 1985 to January 14, 1986 inclusive. The Fiscal Agent CREDIT LYONNAIS Lamenbourg

## IRELAND

US\$100,000,000 Floating Rate Notes due july 1988

Notice is hereby given that the rate of interest for the period 18th July, 1985 to 21st January, 1985 has been fixed at 8½ per cent per annum. On 21st January, 1985 interest of US\$10.875.87 US\$250,000 nominal

SWISS BANK CORPORATION INTERNATIONAL LIMITED Agent Bank

## BANQUE FRANCAISE DU COMMERCE EXTERIEUR

Gueranteed Floating Rate Notes due 1988 US\$500,000,000 n accordance with the terms and nditions of the Notes notice is conditions of the Notes notice is hereby given that for the aix month period from July 22, 1985 to January 22, 1985 the Notes will carry an interest rate of 84% on January 22, 1986 interest of US\$421.67 will be due per US\$10,000 Notes for Coupon No. 6.

BANQUE GENERALE DU LUXEMBOURG Societe Anonyme as Fiscal Agent

## Contracts and Tenders

## BRAZIL

ELETROBRAS SECOND POWER DISTRIBUTION PROJECT

GENERAL PROCUREMENT NOTICE LOAN NUMBER 2364-BR

Eletropsulo — ELETRICIDADE DE SAO PAULO SA — is a beneficiary under a loan obtained from the World Bank, through Centrals Eletricas Brasileiras S/A — ELETRIOBRAS, to cover part of the electrical distribution expansion programme planned for 1986/1988. Pounds the next 12 months ELETROPAULO will issue invitations for international bridding for the supply of equipment, material and services grouped as follows (with estimated value).

Description Material Aluminium conductors (ACSR, ASC)
Aluminium conductors, triplex
Disconnecting switches, knife type (15 kV) and
fuse disconnecting switches (100 amp)
Treated Wooden Poles
Distribution transformers (single and three phase)
Single phase Watt-hour meters
Lighting arresters 12kV and 20kV
Metalclad switchgear (15kV)
Metalloneous 38.0

Suppliers and manufacturers from member countries of IBRD, Switzerland and Taiwen who wish to be included in a mailing list to receive invistions to bid on the above mentioned items are requested to state in which they are interested, addressing their communications to:

Eletropaulo - ELETRICIDADE DE SÃO PAULO S.A. IBRD Loan Number 2364-BR Attn: Superintendency Foreign Supply Av. Brigadeiro Luis Antonio, 1813-90 andar 01317, São Paulo, Brazzii

Personal	Art Galleries
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## **UK NEWS**

ANGLO-FRENCH DEAL IS ON TIME AND ON BUDGET

# Power line to high politics

BY IAN HARGREAVES

IN A FEW days time, tides permiting, two 1,700 tenne cables will be landed at Sangatte on the French side of the English Channel. Four months later, in November, the first power should start to flow across the £800m Anglo-French electricity link.

In engineering terms, laying the 2,000 MW link has been a consider-able success: It is more or less on time and on budget.

However, behind the scenes, the all-important commercial terms which will govern trade across the nearly so smoothly. Ever since it became obvious that France could deliver electricity cheaper than any existing or imaginable British pow-er station, the link has become a matter of high politics.

Disentangling those politics is not easy, but based on interviews on both sides of the Channel, two points are clear.

Britain turned down the chance of a much cheaper supply of electricity through the link over a longer contract period than was eventually agreed. The cost of this decision is measured in tens of millions of pounds a year.

• The link and the possibility of future links has divided both the elec-tricity industry and the Government. It sets those whose priority is cheap power (to enable electricity to compete most effectively with gas) against those who feel strongly that Britain's priority should be a strong domestic power industry.

Negotiations on the commercial arrangements for the link began in late 1983, two years after the signing of a protocol between the British and French governments. France, still mindful of Britain's decision to cancel the Channel Tunnel in 1975, insisted upon a penalty clause for any government veto of

The 2,000 Mw link was to open in two stages, 1,000 Mw this autumn and a further 1,000 Mw a year later.

When it was originally conceived in the 1970s, the link was seen in Britain as a way to sell coal-fired power to France - "selling coal by wire" as it was promoted at the

have surplus capacity, Britain's con-sists of high-cost oil and older coalfired stations, whereas France's is based upon the most sophisticated nuclear-powered grid in the world.

EdF was keen to sign up new export customers and started talking very aggressive figures, designed to secure the long-term business of its newest customer. According to those involved in the negotiations,

negotiators were again drawing close to agreement and Sir Walter Marshall, chairman of the CEGB, told his negotiators to sign. Letters were exchanged between the two sides for the UK purchase of of the link for two years. figures as low as 1p per kilowatt

By 1983 it was evident the link would involve one-way traffic from France to Britain. Although both Electricité de France and the Central Electricity Generating Board have surplus capacity. Britain's consists of high-cost oil and older cool. good negotiating tactic to tell the
British that the price was getting
higher the longer they delayed.
By January 1985, the two sides

Mrs Margaret Thatcher, the Prime Minister, has become per-sonally involved in the matter and is a strong advocate of the link. Sir Walter, in most circumstances a close ally of Mrs Thatcher, has takfrench electricity from phase one of the link for two years.

en public opportunities to warn of the link for two years.

## Guernsey considers Channel power link

GUERNSEY is considering an undersea cable link with France to hold down the cost of its electricity, at present produced by diesel generators using heavy fuel oil, Edward Owen writes.

The electricity board is to ask the island parliament on July 31 to let it spend up to £100,000 on a survey of the proposed cable route, which would come ashore at Ause de Scitot on the Normandy coast and connect the island with a 90 kV sub-station at Tol-

The board says that with no

prospect of stability in the cost of heavy fuel oil and changes in Electricitée de France's commer-cial tariff, a cable link to enable the island to tap the European grid appears viable, even though capital cost at current prices would be about £20m.

Like Jersey, which has already established a cable link with France, Guernsey would use French power in the summer months when EdF's tariff is low and generate its own electricity

survey is to be opposed by a small group of local MPs who be-lieve the proposed link would weaken the island's position in the event of any pollution threat from French nuclear developments on the nearby Cotentia

Anticipating this objection, Guernsey's electricity board said the European grid was powered by a variety of sources – oil, coal, hydroelectric, tidal and nuclear – and says that whether or not the island takes energy from the grid will make no difference at all to France's nuclear power policy.

in the winter.
The £100,000 vote for the initial

hour were mentioned in the early

The French were also keen to secure a long-term contract of at least five years, although options for up to 15 years were discussed.

By this time, however, the offer was too good for the British.

Mr Peter Walker the Energy Secretary, was about to become em-broiled in a coal strike and could see that British power station workers would either win the strike for him-or lose it. They might see cheap French power as a threat. Mr Walker dragged his feet, but carefully stopped sort of anything resembling an expensive veto.

During the coal strike, negotiations continued. Eventually, in the

about £160m a year to France. So the cost to Britain of not tying up the earlier, cheaper deals could have been anything up to £80m a

The deal was deemed so sensitive that board officials were instructed to rebuff questions on the link by saying it would involve a two-way exchange of electricity as originally

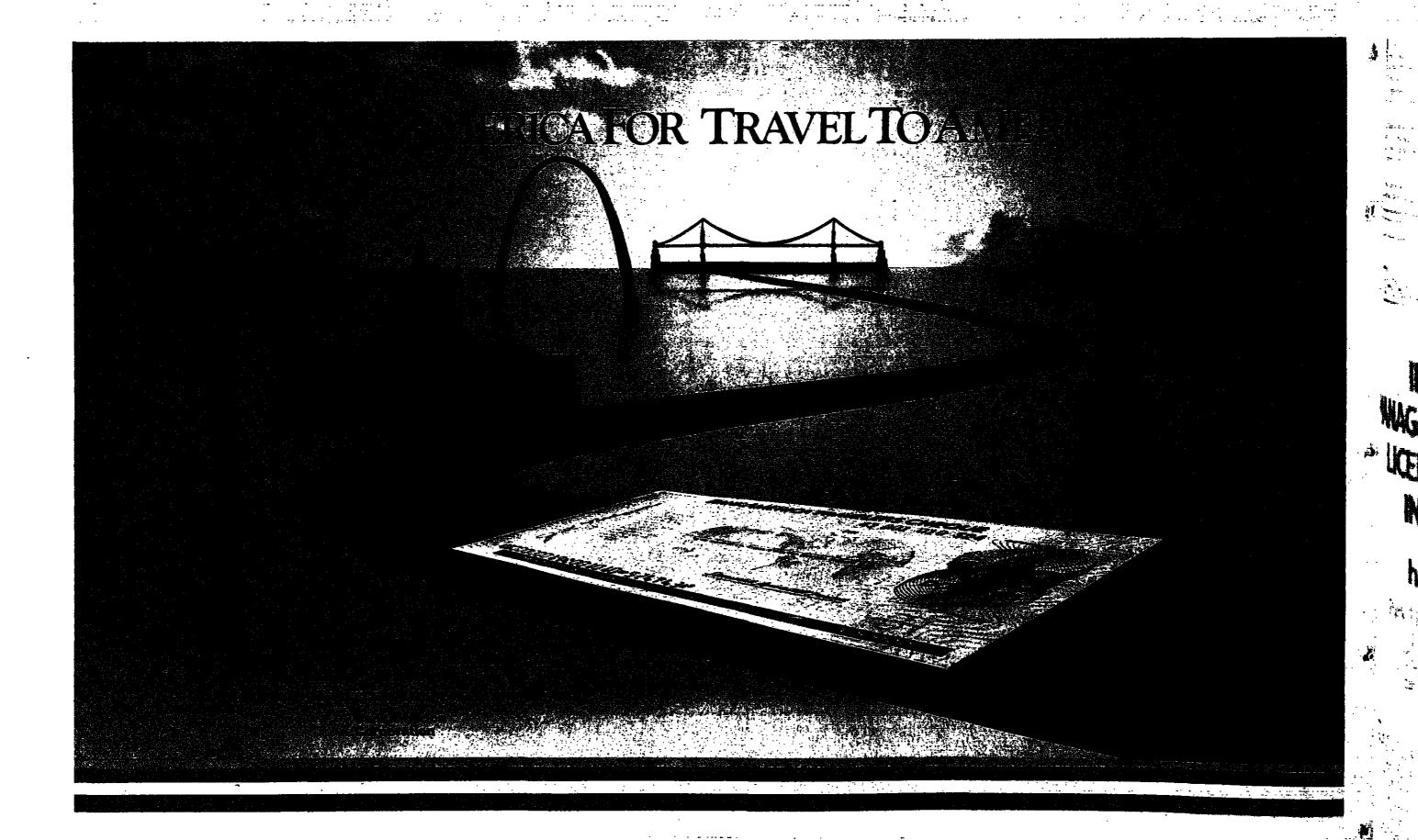
Eventually, once the coal strike was over, the power unions were fully briefed. They were assured that 1,000 Mw of French electricity would not result in any UK power stations being closed.

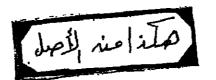
Stage one of the link, however, has opened up much wider issues. Because it will be followed by stage to build per kilowatt as an equiva-

The average price agreed was 2p on French power - he senses the per kilowatt hour, which is worth risk to his pet Sizewell project. The British miners, whose sensitivities were considered so important during the strike, are likely to lose out anyway, since neither the Government nor the CEGB wants near-term investment in coal-fired stations. Last week, the only serious chance of a pro-coal CEGB investment - conversion of the oil-fired Isle of Grain Station in Kent to coal - was abandoned.

As one EdF man put it, "Mrs Thatcher will have to choose between the French atom and the British coal miner." Actually, the choice is between French power and British power. According to figures from Unipede, the international chub of power utilities, Sizewell B will cost more than twice as much two and could easily be followed by lent French plant.

"M"





NOTICE OF SECOND PARTIAL REDEMPTION

## **UK NEWS**

**CBI/FT DISTRIBUTION INDUSTRY SURVEY** 

# Trade volume increasing, say retailers

RETAIL TRADERS are expecting est rates, which, for many, will have business to continue briskly increased mortgage repayments, through this month, according to and reduced the cash they have for the infest survey of the distribution spending."

Industry by the Confederation of British Industry (CBI) with the FT. well recently except the confection-

It showed that retail sales this ary tobacco and newspaper shops. month are expected to continue to Those have continued to suffer in-be significantly higher than last creased competition from superyear's level, although sales in June markets and from the decline in were lower than had been expected.

Of the 345 respondents in the reWholesalers reported that busi-

Of the 345 respondents in the retailing industry, 65 per cent reporting a decline. The percentage balance (the proportion reporting a fall) was 50 balances of around 60 per cent for per cent compared with 56 per cent a year ago.

Wholesalers reported that business in June was not quite as good as they had been expecting, but still well ahead of last year's level. A balance of 45 per cent reported an improvement compared with last year. That was not as good as the proportion reporting a fall) was 50 balances of around 60 per cent for April and May, but still well ahead of the responses in the 10 months un to March.

Volume of orders placed on sup-pliers was also higher than last Wholesalers are expecting the imyear's level, with a 23 per cent bal- provement to continue this month, ance reporting a rise. That was with a balance of 37 per cent expectsignificantly less than the figures ing orders placed on suppliers to be reported over the last year, which higher than at the same time last have generally been between 30 per year.

As a result of the poorer than ex-reported that they had increased or-pected sales in June, retailers re-ders. That was less than the numported that their ratios of stocks to ber that had been expecting an inles were higher than they had crease, and less than in April and been expecting. A balance of 19 per cent said stocks were too high, al-though a balance of only 10 per cent Significantly, fewer wholesalers had expected them to be too high. reported that their stock levels

Mr. John Salisse, chairman of the were too high in relation to sales. CBI's Distributive Trades Survey Panel, said that clothing stores had excessive stocks in June compared experienced good sales this month with 27 per cent in May, but it was with large multiple stores and mail- not far out of line with the figures order companies leading the way. for earlier months this year.

He said: "Fine weather has Trade by the motor industry in tempted customers out, and they June was about the same as the levhave been undeterred by high interest of the previous year.

# Call to recover privatised assets

By Our Political Editor

THE LABOUR Party conference this autumn will be widely urged to return all privatised companies to motions on the subject call for new forms of social ownership rather than the old-style of centralised na-tionalisation.

Public ownership comes third in degree of interest behind the wel-fare state (47 motions, the largest number ever submitted on a single topic) and the miners (30 motions) in the conference resolutions pub-

lished today.

Most of the public ownership motions call for the renationalisation of all privatised assets. Only one says that should be without compensation, others refer to compen sation either being on the basis of proven need or at least excluding speculative gains.

A common theme is a rejection of "old-style" or "bureaucratic" nationalisation. Instead, there are calls for new forms of social ownership more accountable to workers, trade

unions, and consumers For example the National Communications Union (engineering group) argues that "renationalisa forms of organisation based on

The conference will be dominated by the presentation of the leaderindustrial policy, including the joint statement with the Trades Union Congress, which will be published in two weeks' time.

fare state reinforces the leader-ship's belief that this is an area in which the Government is vulner-

# THE KINGDOM OF DENMARK

Issue of US\$ 250,000,000 12%% Notes due February 27,1992 with 250,000 Warrants to subscribe 12½% Notes due February 27, 1992

Pursuant to paragraph "Redemption and Purchase" of the Terms and Conditions of the Notes, notice is hereby given that as a result of the exercise of Warrants, Notes for an additional aggregate principal amount of US\$ 23,000,000 will be redeemable on August 22, 1985 at 101 per cent, of their principal amount, together with accrued interest (i.e. US\$ 309.90 per denomination of US\$ 5,000) from February 27, 1985 to the date of redemption.

The Notes bearing the following serial numbers have been drawn by lot in the presence of a Notary Public and may be presented to Kredietbank S.A. Luxembourgeoise, 43, Boulevard Royal, Luxembourg or to the other Paying Agents named on the Notes:

Interest will cease to accrue on the above drawn Notes as from August 22, 1985.

Amount remaining outstanding: US\$ 164,000,000

Luxembourg, July 22, 1985

THE FISCAL AGENT KREDIETBANK S.A. Luxembourgeoise

# Japanese securities firms face possible bar in London

May, but still much better than the

The balance of 13 per cent reported

BY DAVID LASCELLES, BANKING CORRESPONDENT

THE DISPUTE between the UK ing without a licence now," says a them by the Secretary of State for and Japan over securities licences UK official involved in preparing could jeopardise the chances of Japan the new regulatory regime.

Trade and Industry.

Although the rules have not been could jeopardise the chances of Japanese securities houses being able

This threat of further escal to continue their London operations the dispute follows the refusal of will be based on a number of factors when new financial services legislated the Japanese Ministry of Finance to including, in the case of a foreign tion comes into operation at the expedite the issue of a securities liapplicant, the ease of access for UK

out that there will be reciprocity rewhen licences are conidered for foreign financial institutions under the new regulatory ar-

Unless UK institutions are grant-

"The Japanese will need licences to conduct the business they are doThis threat of further escalation in

cence to Kleinwort Benson, the merchant bank. The Japanese ac- markets. tion is designed to put pressure on the Bank of England to grant banking licences to its four leading securities houses, Nomura, Daiwa Nik-ko and Yamaichi. The Bank has re-without interference from the UK fused to do so on the grounds that they are not banks.

Under the new arrangements, inof the securities licences to operate in stitutions wishing to deal in the UK to by the Securities and Investments to a which Tokyo is certain to wish to avoid.

Without authorisation, a securities house would have to cease operate in the UK to avoid.

Without authorisation, a securities house would have to cease operate in the UK to avoid.

The regulatory bodies would form the suitability of an applicant acwithout interference from the UK a licence for just one of the Japa-

latory bodies recognised by it. erations in the UK and the begin-These will have powers delegated to ning of 1987.

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NOTICE OF FIRST PARTIAL REDEMPTION

## THE KINGDOM OF DENMARK

Issue of US\$ 100,000,000 13% Notes due 1992 with 100,000 Warrants to subscribe 12%% Notes due 1992

Pursuant to paragraph "Redemption and Purchase" of the Terms and Conditions of the Notes, notice is hereby given that as a result of the exercise of Warrants, Notes for the aggregate principal amount of US\$ 9,000,000 will be redeemable on August 22, 1985 at 101 per cent, of their principal amount, together with accrued interest (i.e. US\$ 364.72 per denomination of US\$ 5,000) from January 31, 1985 to the date of redemption.

The Notes bearing the following serial numbers have been drawn by lot in the presence of a Notary Public and may be presented to Kredietbank S.A. Luxembourgeoise, 43. Boulevard Royal, Luxembourg or to the other Paying Agents named on the Notes:

Notes surrandered for redemption must have coupon due January 31 1986 and subsequent attached.

Interest will cease to accrue on the above drawn Notes as from August 22, 1985.

Amount remaining outstanding: US\$ 91,000,000

Luxembourg, July 22, 1985

THE FISCAL AGENT KREDIETBANK S.A. Luxembourgeoise

## MANAGEMENT

Cambridge Instruments

# high-tech phoenix

Stefan Wagstyl on the turnround of a persistent loss-maker

setback behind him. He says the get good people around him." delay is not the fault of the company but of the stock marpany which had enjoyed a bet where shares in high reputation for technical exceltechnology groups have plunged in recent weeks. CIC, he says, has enough capital and enough borrowing capacity to carry on its business as planned.

scientific equipment company is making money in the 1980s after surviving the 1970s only with the financial support of its biggest shareholder — the Government-backed National Enterprise Board.

When Gooding bought control of CIC from the NEB in 1979, he found a company on the verge of bankruptcy. The NEB saw him as the last chance for use in conductivity laborated the control of the control o in a turnround to profits for the year to the end of March 1985 of £4.2m pre-tax on sales of conductor £52m, with another increase machines expected this year.

But how is it that Gooding has succeeded where so many others failed—despite Government backing? And what are the prospects for the company now that its recovery appears complete? In particular, how can CIC, relying on exports for threequarters of its turnover, compete with U.S. and Japanese rivals with much larger home markets for high technology?

British industrialists and Corporation used public funds civil servants alike give much to back a takeover by the of the credit for saving CIC to George Kent instrument group Gooding himself. A 51-year- at the expense of rival hidder old Welsh-born U.S. citizen with Rank Organisation. Then in a PhD in nuclear physics, he came to Cambridge with a strong record in research and strong record in research and boveri, the National Enterprise Board bought the former Cambridge with a strong record in research and bought the former Cambridge with a serious control of the company. ment. He had worked at the bridge company, now called Atomic Energy Research Scientific and Medical Instru-Laboratories at Harwell and at the University of California at it with Metals Research. It Berkeley before becoming a restored the name Cambridge research manager for General Instrument Company to the

DR TERRY GOODING is this Dynamics. He had founded and combined group.

most troubled high technology groups. As it is, the company will now wait until at least the beginning of next year before

made his mark in the UK. In make his mark in the UK. beginning of next year before the senior British manager who has known Gooding since that time says: "He's a very rare scientist turned venture capitatist, will be quick to put the list, will be quick to put the he's got charisma—he's able to

In CIC, Gooding found a comlence ever since it was set up commercial management. a son of the biologist Charles Darwin at the end of the 19th as enough capital and enough century. Constant exchanges of people and ideas with the laboratories as planned.

At the hands of Gooding the University had kept the company at the forefront of tech-

## Pioneer

Since the 1950s it had been a ploneer of electron microscopes -many times more powerful han optical microscopes-developing them first for academic and medical research and later for use in commercial and inof saving a group losing 53m dustrial laboratories. More rea year. That chance has resulted cently, the company had adapted this equipment into a range of production tools for the semiconductor industry — making machines which manufacture and test microchips.

It was for the sake of this technology—in which the UK would otherwise be poorly represented—that successive governments tried to nurture the company—as they also supported chip maker Inmos and computer group ICL.

Three government - backed attempts to reshape the company falled. First in 1968, the Industrial Reorganisation

week a disappointed man, following the postponement of plans to float Cambridge Instrument.

Laboratories — and turned around Kratos, a quoted lossmany its stake to 93 per cent making U.S. instrument group.

Laboratories — and turned the NEB to inject new capital around Kratos, a quoted lossmany its stake to 93 per cent making U.S. instrument group. The issue would have crowned Moreover, even before buythe recovery of one of the UK's ing CIC Gooding had already most troubled blob technology made his mark in the TTE or He was backed by Midland Bank and ICFC and by a fresh

> He moved quickly, bringing in senior management from Kratos and taking the troubled group into profit within 18 months.

Gooding about what had been wrong with CIC. The company had good scientists and engineers, he says, but weak financial and

"I brought in experienced management. We knew manage a business. That wasn't the NEB's strength." CIC's management in the 1970s had identified the under-

pricing of electron microscopes, by up to 50 per cent, as the root cause of the company's problems, but had been unable to close the gap between costs and revenues.
Gooding first tackled costs—

working out exactly how much each stage of the lengthy production process cost. He reorganised production at Cambridge, closing one factory to concentrate work in a second. Stocks, work-in-progress and cash balances were all brought equipment for semiconductor manufacture. Gooding was able to rein in research and development spending

Equally importantly the group's international marketing efforts were expanded by taking on more skilled sales-men and improving their train-ing. Against a background of economic recovery and, after 1982 a weakening pound, CIC was able to raise prices, dramatically improving margins. As Dr Bill Henderson, managing director, says, CIC was for the first time exploiting its position as market leader in electron migracones and rights correct microscopes and rivals generally followed suit with price increases of their own. Gooding says more effort was

put into increasing sales in the U.S. and Japan, which are much bigger markets for CIC than Having got a grip on the com-



Dr Terry Gooding (left) and Dr William Henderson

by the acquisition of two UK companies CIC's medical equipment

business, which once pioneered electrocardiograph, also first expanded by acquisi-tion, with the purchase for shares of two companies from the U.S. group Warner Lambert. Then, in 1981, the enlarged business was sold to under light control. Because bert. Then, in 1981, the en-the previous management had larged business was sold to invested heavily in new pro-ducts, particularly the range of Picker International, its U.S. medical instruments subsidiary. CIC took a stake in Picker

Gooding says that the group sold out of medical equipment because its market share was too small. By 1983, CIC was ready to diversify. It added a trading erm-dealing in scientific instruments on behalf of other manufacturers to make expanded these activities in Japan by buying Andrews and George, a trading company. Trading is seen as a hedge against the high costs of R & D and manufacture of its own products.

Despite the changes of the

past five years, the heart of the group is still the manufacture of scientific instruments and semiconductor equipment. scientific instruments. Gooding believes that the company can increase its 20 per skills.

pany's main businesses in cent share of the world market scientific instruments and semiconductor equipment. Gooding image analysis equipment, by turned to its other activities. building on its presence in A U.S. operation making industrial controls was simplemented was simplemented. and increasing its negligible sales to Japan. The market itself is expected to grow as the use of microscopes in industry increases, notably in pharma-ceuticals, food and metallurgy. But the thrust of the group's technological and marketing effort is in expanding sales of semiconductor equipment.

It is a world market leader in electron beam microfabricators—which etch circuits on to microchips—and in crystal pullers—machines for making gallium arsenide, a new micro chip material which could replace silicon in certain applica-

Gooding says that CIC more than holds its own against fragmented competition, chiefly U.S. and Japanese companies. Moreover, it is to some extenprotected from the threat of new rivals because of the high cost of mastering the range of technologies involved — from electronics to precision engin-The company has plans to set

up test and assembly plants in the U.S., and in Japan. But it has no intention of switching manufacturing away from Cambridge, where the bulk of the group's 1,300 staff work. Gooding says that the UK is the cheapest place to employ people with a such a mix of advanced

## West German industry

# **Burdens of bureaucracy**

A MARKETING manager who works for one of West Ger-many's large chemical com-panies is responsible for annual revenues of more than DM 150m (£37.5m). Yet he has authority to spend only DM 1,000 (£250). For anything above that limit, he has to seek approval from his superiors.

Professor Hermann Simon cites this remarkable case of bureaucracy to explain why many German companies are having difficulty in becoming more flexible and more respon-sive to the marketplace, and inencouraging their executives to take risks in order to compete with more sprightly American

cautious people are, especially in middle management. Decisions are always getting postponed, and pushed up to a higher level."

leading executive education centre, Universitätsseminar der partner of a management con-sultancy, Simon has plenty of experience of the realities of life inside German companies. He is discreet about naming names, but pulls no punches in his criticisms.

menting

board's decision to make a their formative experience in

Simon

sclerosis. But for others, "it's a disaster."

with more sprightly American and Japanese companies. "Risk-avoidance is a pretty serious problem," says Simon. "I'm continually struck by how

As head of West Germany's Wirtschaft (USW), and senior

The main problem for most middle managers is not onne of strategy, or of inadequate marsuperiors to take action," he claims. He cites one company where an informal group of voungish senior executives regularly meets in secret session with a sympathetic member of the Vorstand (executive board) to thrash out quick decisions, and to decide how to try to push them through the board. In several other companies, says Simon, second and thirdlevel managers have coped with the problem differently: either by making and impledecisions without reference to the board, or by taking no notice of the board's rulings.

examples. In a company in the motor industry the board's rigid diktat about the balance to be struck between output of two prime products has been ignored (middle management has simply adjusted output in response to changing market a huge generation gap," Simon conditions). And in a medium-argues—not so much of age, but chemical company dissenting middle managers have taken no notice of the

quotes two such

organisation.

This sort of "guerrilla warfare," as Simon calls it, is by no means uncommon, he claims—many companies are "out of control." For some, this is a definite advantage, he this is a definite advantage, he argues—they are responding to changing market circumstances in spite of top management

As a glaring example, Simon cites the reluctance—or organisational inability—of most German consumer product com-



"All things considered, by and large, given our situationwould you do

devastating challenge posed by suppliers of generics ("no-names"). With the exception of Reemtsma, the cigarette company which has virtually destroyed the threat of generics through swingeing price-cuts and heavy promotional spend-ing, most German consumer goods makers " are more or less trying to continue doing business the old way," he complains. Although generics have captured between a quarter and a half of many consumer product markets in Germany, several leading branded goods makers "are simply refusing to accept that new arrivals have established a strong competitive advantage.

Behind the inflexibility of many German companies "lies of experience. Most of Germany's top managers are in their 50s and 60s, and gained

EDITED BY ALAN CANE

series of far-reaching changes the growth decades of the 1950s in the structure of the sales and 1960s. According to Simon

On the other hand, the formative years for middle managers in their 40s and 50s were the slow growth 1970s, when the managerial emphasis shifted to analysis, fine tuning, and risk avoidance.

The inevitable result of this contrast in cultures, says Simon, is conflict and inertia. Top managers respond to a crisis in the marketplace by applying old rules of thumb, while middle management falls back on analysis.

A further element in the generation gap, the USW chief maintains, is between those with and without international experience. Most younger man-agers, including many 40-yearolds. have spent many years abroad. As a result, says Simon, they are more open to the need for change, and to the methods of managing it.

Ten years from now there may be a different sort of generation gap, he warns: between those who have grown up amid the electronics revolution, and those who have not. But in the meantime he remains concerned about rigid boardroom attitudes in many German companies, and their inability to respond even to a manifest competitive crisis. On the positive side, he

panies are not as inflexible as panies are not as flexible as they appear, especially where decisions can be taken and implemented at relatively levels of management. And though entrepreneurship in large German companies is less well developed than in America. he anticipates a shift towards the U.S. pattern.

His own research data suggests that, as in the U.S., German students are becoming reluctant to join large organisa-tions. "So companies which want to attract entrepreneurial people may have to set up venture-type organisations." As a model of decentralisation, flexibility and managerial moti-vation he points to the Bertelsmann publishing empire, where individual responsibility (and performance incentives) are ished down to an extremely

Christopher Lorenz

**Bryant** 

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Low cost

processor

SCREENTYPIST is the name

of an all-British word process-ing system which Office and Electronic Machines has launched at under £1,500.

The company believes it is breaking new ground in price/performance since the machine costs no more than a

top grade memory typewriter but has many of the advan-

tages of text manipulation on a screen.

monitor, a 3.5 inch disk drive and uses the Adler Imperial

SE310 electronic typewriter for keyboarding and printing. About 100 pages of text can

be stored on each disk. More on 01-407 3191.

The system has a nine-inch

word

## **TECHNOLOGY**

## First fruit from IBM's **Stratus** deal

THE FIRST fruits of IBM's IN A laboratory in Winchester recent agreement with Stratus Computer of the U.S. are now available in the UK in the form of two models of fault-tolerant computer, the System/88 Model 40 and Model 60. The machines, reckoned never to stop working through the failure of any single component, have been available in the U.S. for some time. Fault tolerance is one of the

most important areas in computer design at present as senior managers become aware of just how vunerable their businesses are to computer failure and breakdown, The leading company in fault-

tolerant computers is Tandem of the U.S., whose Non-Stop and TXP systems have set the standard for the past seven years and whose machines are still regarded as the most reliable systems available, because of the wealth of specialised software written to run on them.

The Tandem approach is software-based, developed at a time when hardware was expensive and software was still relatively

Stratus, on the other hand, started from scratch with cheap microprocessors and exploited the versatility of the hardware to achieve similar reliability. Each Stratus processor consists of two pairs of matched Motorola 68000 microprocessor chips. Each microprocessor carries out the same calculation

independently and only if three processors agree on an answer is the value regarded as accurate. IBM, until its deal with Stratus, had been very slow to capitalise on the fault-tolerant

market, preferring to offer con-figurations of two or more machines with one acting as

market, preferring to offer configurations of two or more machines with one acting as "hot back-up."

The new System/88 machines run more than one program at the same time and ran be used by a number of operators, all carrying out different tasks. It supports remote job entry, networking, transaction processing, forms management and interfaces to other computer systems.

Program developers can use System/88 ANSI standard Basic. Cobol, Fortram, PL/1 and Pascal languages.

The company has introduced a motor for pumps that gives pub landlords greater control costs.

GEC Small Machines has taken advantage of lower costs in inverters, devices that thenge the frequency of an electricity supply with electronic circuits. While inverters are far from new, their costs manual enough to program developers can use (caused by pumping at excessive speeds) can be minimised relationally and program at the same time and ran be used that beer travels from barrels to dispensers in the bar.

As a result, according to Mr. Philip Ward, chief development engineering of GEC Small Machines has taken advantage of lower costs in inverters, devices that the same time advantage of lower costs from barrels to dispensers in the bar.

As a result, according to Mr. Philip Ward, chief development engineering of GEC Small Machines has taken advantage of lower costs in inverters, devices that the same time advantage of lower costs in inverters, devices that the same time and ran be removed to promote the frequency of an electricity supply with electronic circuits. While inverters and size have only in recent years become small enough to permit their incorporation in relatively cheap motors for mundane applications that run on a few hundred watts or less.

The Company is a motor for pumps that gives pub landlords greater control circuits. While inverters and size have only in recent years become small enough to permit their incorporation in relatively cheap motors for mundane applications that run on a few hundred watts or less.

Control of the state of the sta

# How IBM contributes to the advancement of science

(and science to the advancement of IBM)

a crimson sac the size of a human heart is pulsating as if it were a living but disembodied organ. The sac is a three-dimensional representation of a real heart in action, painted by a computer whose artwork has been supervised by a London heart surgeon.

It is one of a series of vivid D "solid models" IBM scientists are designing as part of a basic research programme in collaboration with academics. In adjoining laboratories other scientists are unscrambling the spoken English word and try ing to understand what a robot needs to "see" in the factory

The scientific theme of the laboratory is greater harmony between man and his computer.

The company reser is eager with a score of academic mode for international recognition as a contributor to the advance of between man and his computer.

The company reser is eager with a score of academic mode academic mode for international recognition as a contributor to the advance of science and not just as an international recognition as a contributor to the advance of science and not just as an international recognition as a contributor to the advance of science and not just as an international recognition as a contributor to the advance of science and not just as an international recognition as a contributor to the advance of science and not just as an international recognition as a contributor to the advance of science and not just as an international recognition as a contributor to the advance of science and not just as an international recognition as a contributor to the advance of science and not just as an international recognition as a contributor to the advance of science and not just as an international recognition as a contributor to the advance of science and not just as an international recognition as a contributor to the advance of science and not just as an international recognition as a contributor to the advance of science and not just as an international recognition as a contributor to the advance of science and not just as an international recognition as a contributor to the advance of science and not just as an international recognition as a contributor to the advance of science and not just as an international recognition as a contributor to the advance of science and not just as a contributor to the advance of science and not just as an international recognition as a contributor to the advance of science and not just as an international recognition as a contributor to the advance of science and not just as an international recognition as a contributor to the advance of science and not just as a co of the future. transfer of new techology and Alvey project which it shares skills to the company.

Alvey project which it shares with eight partners—four uni-

These centres are really versities, three British com-academic establishments of 50 panies, and the Science and

THE DAYS of frothy beer may

be numbered as a result of an

innovation in pumping tech-nology, according to marketing managers at GEC Small Machines of Newcastle-under-

The company has introduced

IBM has 16 centres worldwide dedicated to general research. David Fishlock looks at one in Winchester

centres aimed to sell computers to scientists. Today they help academics solve their problems

in partnership, developing what he calls "tools to deal with complexity."

The Winchester scientific centre is funded almost entirely

computer model called Winsom which extracts the salient surfaces from the part to be processed. Its strength lies in the richness of the description this model can compile, says Dr John Frisby, a psychologist specialising in vision with Sheffield University, who works closely with the s Jentific

For Dr Frisby, the "breaking down of cultural barriers between industry and
Once these scientific academics" is the important thing about Alvey. One of the big surprises, he says, is the degree of visual competence needed for robots to deal with contingencies such as flawed and misorientated parts.

> interest in computer imaging and imaging systems research, leading to ten different pro-jects. The first one was the jects. The first one was the digitalising of chest X-rays in an effort to extract more infor-

Most of these devices use

mechanical components called commutators to change the

phase of the alternating current supplied to the stationary part (stator) of the motor, so pro-ducing a smooth rotation.

The main problem with commutator motors is that the brushes on the commutators

expensive than conventional devices, should suffer fewer faults and so cut pubs' running costs.

GEC Small Machines has company hopes to sell 20,000 of its new Masterflow motors annually. That would account for roughly a quarter of the beer-pumping motors sold to beer-pumping motors sold to is channelly

he applications that run few hundred wasts or wear out periodically. The motors generally need main-tenance at least twice a year. Newcastle-under-Lyme according to GEC Small



A computer's view of how Winchester's Saxon cathedral might have looked

The company has turned instead to induction motors to power beer pumps. In induction motors, mains electricity is channelled to a series of coils on the stator to ensure that the device runs in combennication.

device runs in synchronisation with changes in the supply voltage. The motors do not require commutators so cost less to maintain.

beer pumps, induction motors that run directly off the relatively low frequency of the mains electricity supply cannot reach the speeds required for efficient pumping.

GEC pump takes the head off a pint of beer

These centres are really academic establishments of 50 to 100 people. Winchester has 60, of which 30 are IBM scientists. Their work is non-prietary and freely published, says Dr Ian Brackenbury, its manager. For an outlay of £2m to £3m a year, it publishes about 40 scientific papers.

Dr Brackenbury's targets are never products but new understific question relevant to IBM scientists. IBM's expertise lies in a digitalising of chest X-rays in an effort to extract more information for the radiologist from the standard X-ray, where they now claim some success.

There was no way we asharp feature which can be provide "visual competence" sarding of chest X-rays in an effort to extract more information for the radiologist from the standard X-ray, where they now claim some success.

"There was no way we asharp feature which can be provide wisual competence of the between X-rays and have texture and shading giving them photoprovide "visual competence" systems research. For example, taken at intervals, allowing the progress of his angiograms which are sketched using X-ray data drawn from the extract more infort the extract more information for the radiologist from the standard X-ray, where they now claim some success.

"There was no way we asharp feature which can be provide "visual competence" system. The computer's view of how Winchester's Saxon cathedra As a result, the technique can turn a wispy shadow, which are streated to the vivid commation for the radiologist from the standard X-ray, where they now claim some success.

"There was no way we asharp feature which can be provide with the tadio-and turn a wispy shadow, which are proved in the standard X-ray, where they are proved to the vivid commation for the radiologist from the standard X-ray in the stand Another promising collabora- The extent to which shading can turn a wispy shadow, which at present would mean more X-rays having to be taken, into the differences in orientation, and shading giving them photo-exposure, etc between X-rays graphic quality. The col-taken at intervals, allowing the laborators are still determining looked about AD 980, in a

pumps are called upon to operate at 7,000 revs/min, an

induction motor powered by the standard electricity supply at 50 Hz can turn at only about half this speed. Hence pubs have had to use

commutator motors. A leader in supplying such motors is Fracmo of Hastings, Sussex.

To increase the speed of its induction motors GEC Small

Machines uses an inverter to in-

Unfortunately for makers of beer pumps, induction motors that run directly off the relatively low frequency of the mains electricity supply cannot reach the speeds required for efficient pumping.

While most British beer

Machines uses an inverter to increase the frequency to 117 Hz, enabling the motor to reach high speeds without difficulty. A further advantage is that, by changing the invertee controls, the speed of the motor can be varied between 6,000 and 7,000 revs/min. As a

ture of the old Saxon minster puter creates 3-D colour images ture of the old Saxon minster which move, and have texture at Winchester. The image is picture generated by construc-tive solid geometry, with data from Winchester Archaeological

result, a technician should be

able to adjust the pumping rate to -take account of different types of beer and so reduce froth.

Lager, for example, has to

be pumped at a slower rate than bitter. With conventional fixed-speed beer pumps, a pub can vary the flow rate only by changing the dimensions of the

pipes that connect a barrel to the bar, a time-consuming and

GEC Small Machines' motor and inverter costs £85, of which the inverter accounts for about £70. It should only need main

irksome procedure.

## Software for chip design

COMPUTERVISION, which computervision, which some market researchers say has been overtaken by IBM as the leading computer aided design company, also admits in a recent statement that it has "felt heavy pressure from new workstation-based enppliers."

But it says it has "answered back loudly" at the recent Silicon Design exhibition by announcing 10 new products that concentrate on the electronic design segment of the industry.

one of these is Personal Engineer. a schematic capture package which runs off the IBM PC/AT. There are also three new logic design enhancements, an advanced VLSI (very large scale integration) layout system and several interfaces that allow schematics created at the Personal Engineer and other CV systems to be translated to the format of a Scicards. Racal Redac or CV CADDS 4X printed board layout system. printed board layout system.

tenance after two or three years of operation. The company suggests that rival commutator motors sell for about £35 but require repairs costing about

PETER MARSH

A share in one of the country's leading oil and gas companies.

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largest number awarded to any applicant in that round.

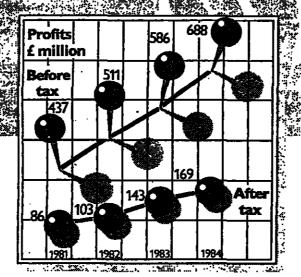
awarded 19 blocks, the

distrib.

In November 1982, Britoil became a publicly quoted company when the Government sold 51% of its shares to the public.

Since then, Britoil's growth and achievements have been impressive.

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Britoil has built up a first class team of exploration, project development and field operating staff led by experienced

Since 1981, after-tax profits have virtually doubled. The figures for 1981 and the first seven months of 1982 reflect those of the business transferred from BNOC to Britoil on 1st August, 1982.

give private individuals, not just City institutions, a full opportunity to apply for shares. Subject to market conditions, the offer is planned for the end of this month. There will be just seven days to make an application for shares before the offer closes early in August. The Offer for Sale document and application forms will be published in many national newspapers. They will also be available from all branches of National Westminster Bank, Barclays Bank and the Bank of Scotland.

> Between August 1st, 1982, and the end of last year alone, Britoil produced 141 million barrels of oil and 158 billion cubic feet of gas. It also participated in drilling some 120 exploration and appraisal wells and in bringing four offshore UK fields into production and a further five into development.



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SOON, THE REMAINING 49% OF BRITOIL SHARES ARE TO BE OFFERED FOR SALE.

Issued by Lazard Brothers & Co., Limited on behalf of H.M. Government.

## Architecture/Colin Amery

## Ideal balance of old and new in Covent Garden

The story of London's Covent Garden is one of the great success stories of the capital. It is hard to remember the kind of climate that led to a desire or climate that led to a desire for the total redevelopment of the entire area back in the 1960s. During the recent hot weather and this summer's massive influx of tourists both the piazza and the fringe muesli belt have been crowded and colourful. and colourful.

One of the reasons that the area has been such a success is the eminently satisfactory scale of the environment. In spite of its position at the heart of the capital it remains deuse and domestic with spaces suitable for all scales of human

The most recently completed area of Covent Garden is known as the Comyn Ching Triangle. It stretches from Seven Dials in the north and is bounded by three streets: onmouth, Mercer and Shelton

The name of Comyn Ching has been famous for years as the company with an amazing selection of door handles, knobs and knockers and almost every kind of domestic brass and metal work. They acquired their London premises in 1723 and since then have consoli-dated their holding on the triangular site. Seven Dials was. in its day, an inspired piece of town planning which caused the diarist John Evelyn to write in October 1694: "I went to see the building beginning near St Giles where seven streets make a star from a Doric pillar placed in the middle of a circular area."

The area acquired a seedy reputation over time, close as it was to the infamous rookeries—networks of tightly packed slums — that were cleared by the construction of New Oxford Street and Shaftes-

The miracle of what you now see on the Comyn Ching site is that most of the listed Elsewhere in the scheme you archit buildings survive and have been are less aware of the hand of years.

Meverbeer's

extravagantly

a new focus of attention, behind the street facades, that has a life of its own and is accessible for the public. The architects for the scheme of restoration and development are the Terry Farrell Partnership—a firm once described as Britain's premier post-modernist archi-

The particular gilt brought by the Farrell Partnership to this site is an ability to see potential in a tight city corner that can be opened up and made agreeable to use The idea of clearing away the debris of centuries, collected behind the houses and shops, to make a new small open space (Ching new small open space (Ching Court) liberated the whole area. It has given the streets a front and a back with new entrances for offices from the courtyard. It is a small but important improvement: it is now possible to walk through the site from Shelton Street to Monmouth Street. London gains a new link—thus do cities change and grow.

What about the architectural treatment of the old houses and shops? It is clear that these architects are not gentlemen of compromise. No wet neo-classicism here but a new interpretation of historical references that has produced somethin gnew. On the new courtyard emphatic and strange courtyard emphatic and strange classical doorcases—more on the lines of something by Vanbrugh—stand like solid blue sentry boxes. The stone treatment of the court is very pleasing with the slope of the land absorbed into steeps and land absorbed into steps and circles. There is a pleasing hint of the Orient in the gateway to the court from Shelton Street with its red woodwork and iron gates.

enhanced by their new setting.

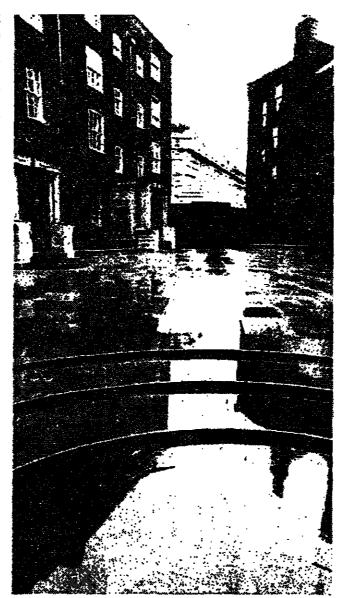
The clearance of outbuildings restoration of the exteriors of has also made a new public the street facades has been space at the centre of the site.

It is something of a miracle because it has been a subtle and complex business to create a new focus of attention, behind the street facades, that has a life of its own and is accessible to the street facades.

To make the whole development commercially viable it was necessary to balance the residential and commercial uses. The decision to demolish the mainly Victorian corner sites to allow for new offices on the Seven Dials corner and new flats on Mercer Street provides the key to financial viability. The designs for these yet to be built corners show a good sense of scale and a predictable sense of rather crude decoration and modelling that is the penalty of Post Modernism. was necessary to balance the

There is no doubt that the interiors of minor 18th century houses do not necessarily make good offices. They do make excellent small flats and it is refreshing to find one of them being used again as a whole house. The changing window and room heights has meant that complete rearrangements have been necessary. Salvaged panelling has been used wherever possible and a certain freedom has allowed for the creation of top lit rooms and a rich variety of staircase

The Comyn Ching Triangle is a model small scale inner city development, achieved without too many sacrifices or compro-mises. The new additions are far from being in the spirit of the old, but the combination of original contemporary work and the retention of the best of the old has given the scheme a sense of creative continuity. I hope that the new corner blocks will act like well designed bookends supporting between them the conserved architectural wisdom of the



The Comyn Ching Triangle in central London, a welcome new development

## Opening nights of the Proms

## **Andrew Clements**

No prizes for predicting that the 1985 Promenade Concerts would begin with Handel, or that Messiah might be chosen as the opening work. But it was not a fashionable lean account which got the season under way at the Albert Hall on Friday. In these style-conscious times the BBC might have shied away from the kind of choral extravaganza with a cast of hundreds which until 20 years ago was the norm for any Messiah, but it provided the nearest acceptable thing in the shape of Mozart's version of 1789, sung in German with the BBC Singers and Symphony Orchestra conducted by John Pritchard.

As one whose teenage Christ-mases were regularly spent playing in performances of Messich according to Ebenezer Prout's Victorian edition. I cannot say that hearing Mozart's scoring (which served as a scoring (which served as a model and inspiration for the 19th century arrangers) produced in me the kind of culture shock it might have done in my better brought-up colleagues. The flute and clarinet additions did not jar. I am afraid, nor did the inclusion of two French horse in "The Trumper Shall horns in "The Trumpet Shall Sound" produce more than a passing surprise, for many of Mozart's most telling changes have become an accepted part of the choral tradition

How much of the scoring was effected by Mozart and how much was the work of Baron van Swieten. who commissioned the arrangement, is uncertain. Mozart's task was to produce a homogeneous classical orchestral texture, replacing the baroque continuo with string thickening, but he did so with great restraint. Soloists were re-arranged for some recitatives re-arranged for some recitatives and arias, and in the third part the soprano's final aria is short, dramatic recitative. But otherwise, the additions of wind

otherwise, the additions of wind and only very rarely used in an unashamed pictorial way. For the performers, however, it seems as if the classical good manners of this version create their own problems. The forces are relatively small but there are relatively small, but there is no place for baroque pungency for the same historical reason that grandiose effects would be inappropriate. Friday's performance settled unfor-tunately for an anodyne middle tunately for an anodyne middle way, without much incisiveness in the chorus work or anything more than efficiency in the instrumental playing. Sometimes there appeared to be muddled thinking: why doubledot rhythms when Mozart's score clearly indicates otherwise?

wise?
The quartet of soloists sometimes brought things to life, particularly the soprano Julia

Varady and bass Samuel Ramey: the others, Marilyn Horne and Anthony Rolfe Johnson, were more inclined to follow the chorus's example and opt for civilised, undramatic delivery. The conventional cheering which greeted the end of the programmers for once seemed performance for once seemed more respectful than en-thuslastic.

This year marks not only the tercentenaires of Bach and Handel; they also share their anniversaries with Domenico Scarlatti (his 300th) and Heinrich Schütz, who was born 400 years ago. Schütz's cause seems to have been almost entirely neglected this year, and the late-night Prom on Saurday from St Luke's. Chelsea, made some amends, pairing his Musicalische Exequien with Scarlatti's Stabat Nater sung by the Monteverdi Choir under John Eliot Gardiner.

John Eliot Gardiner.
Such a pairing of works made an unusually satisfying short programme. The exuberant decoration of Scarlatt's choral decoration of Scariatus choral work was a nice foil for the austere, hieratic contrasts of Schütz's wonderfully coherent three-part elegiac work, fusing funerary odes with a four-part motet and a final Nune Dimittis, all delivered by the Monte-verdi Choir with carefully graded textures and in simple, amply expressive shapes.

## Land/Coliseum

## Clement Crisp

It was an evening for male dancing with Festival Ballet on Friday, when Patrick Dupond from the Paris Opéra showed just how Etudes should be and Peter Schaufuss was joined by Patrick Armand in a taut account of Bejart's Song of a Wayfarer. These were the high points of an unbalanced programme which brought the first performance of Christowholly at odds with the drenched emotionalism of Bejart's view of Mahler and the flashy matters of Creature, Etudes, and the Don

Creature, Etudes, and the Don Quirote trapeze act.

Land is, like much of Mr Bruce's choreography, all sincerity in offering yet another Horrid Warning about man's inhumanity to man. The set by Walter Nobbe is grey. suggestive of a desolate and war-torn landscape, with hints of uniformed cornees. The of uniformed corpses. The women are dressed in dowdy, no-coloured frocks, with wispy hair — sure sign that they are going to suffer — and the men have shirts, trousers with a hint of puttees, standard wear for the victims in these affairs. The ballet begins with a simple tune played on a piano, which allows the regulation folk-dance steppings before a

Arne Nordheim introduces the anguish, the racings and falls, the brutal soldiery and poses of grief and hopelessness, that are the inevitable fate of "the people" in ballets of this kind. Land is cast in a language which I now identify as Kylianspeak, with its dancers—here performing with admirable conviction—rearing in despair, or gazing into the distance in gloomiest fashion. I find myself increasingly resistant to increasingly resistant to choreography that imagines itself a clause in the United Nations Charter.

Nations Charter.

The Béjart Wayfarcr duet, not the most jovial of works, seemed positively sunny by comparison, and it revealed Schauluss (as the Man) and Armand (as his Fate) ideally matched in physique, technique and sensibility. The Mahler Lieder eines fahrenden Gesellen were very well sung by Donald Maxwell. Maxwell.

Peter Schaufuss has brought

in a number of young artists to enliven the repertory of his company: latest to be seen in the 16 years old Trinidad Sevil-lano from Spain, who appeared in the Don Quirote pas de deux with Raffaele Paganini. Beyond noting the Miss Sevillano has the muscular ability to go through the tricks that consti-

version, I can only observe that there has been altogether too much of the circus in this season's presentation of unsuited or un-stylish dancers as they fing themselves through the flaming paper hoops of the piece. Such showcases are only for noble and classically true

In Etudes Patrick Dupond demonstrated his best qualities of exhibitanting verve and astounding technical resource. Whipping through impossible whipping inrough impossible numbers of pirouettes, soaring over the stage, beating impecably, he showed the joyous life of the dance in intoxicating fashion. His companion, Kevin Pugh, was in very good form; Katherine Healy has facility in performing certain steeps and a natherine Healy has facility in performing certain steps and a youthful enthusiasm, but her dansing is as yet too lightweight to make any lasting effect in the ballerina role.

As a pendant to my review of the Royal Ballet School performance, I record that the young dancer whom I admired, but could not identity in

but could not identity, in Serenade is Katherine Dunn. from Australia. With beautiful physique and a clear, fluent style. Miss Dum's gifts merit careful nurturing by a major company—she is bright with screeching electronic score by tute the choreography of this promise.

## men to shame. The contr ceased. Robert has made an The contrasting soprano Robert unsuccessful attempt to abduct roles (a good publicity device chorus

## Meyerbeer's grand opera in spectacular new full-scale revival

Robert-le-Diable was given 750 performances at the Paris
Opéra between 1831, the year of
the première, and the end of
the century. Since then the
work has not been seen there
until the present whole hearted revival Florence stage Robert in 1968, severely cut. with Scotto and Christoff. Notting-ham University Opera Group bravely mounted an almost uncut version in English, four years ago. So great were the initial resonance and noteoriety that reaction and ridicule (Offenbach sent up Robert gleefully) were bound to set in But 60 years is not a band run, and although the most deterand almost the host to the Princess Isabelle who loves exploited again by Meyerbeer volume without the old sharp-work hard in recent years to him and is about to be married in Les Huguenots) were taken ness of attack. work hard in recent years to him and is about to be married track down a performance, one cannot read far in operatic history without coming across this lurid page of romantic total theatre.

romantic five-act grand opera

son's soul for the powers of Joan Sutherland has been re-evil. He fails. Isabelle gets marked. With the full-bodied her Robert (why she wants such even, supple tone she has a vacillating creature, goodness inherited (and must watch) The present régime in Paris wisely waited until the renewed interest in bel canto opera was a vacillating creature, goodness inherited (and must watch) knows). Robert is not a tragedy a tendency to keep words and firmly established in the wider public and until suitable singers were available. The public and until suitable knows). Robert is not a tragedy a tendency to keep words and singers were available. The but a spectacular adventure consonants too far back. She but a spectacular adventure originally planned more peritable to originally planned more modestly as an opera-comique. The Paris cast is dominated against towering rocks and crumbling classical ruins (the expected Gothic is kept for the very end) with glittering costumes by Florica Maluing and smiling like a big cat ready to pounce. Mr Ramey and Delaviene set their made discharged the once famous a treadency to keep words and consonants too far back. She filled the big house with gleaming, exciting sound. What she needs now, as well as clear words, is simplicity. The pathos in "Robert, toi que j'aime" was trowelled on. All with grace, alternately glower the same Miss Anderson deserved her ovation. expected doubt is kept for the and jet-black in voice, moving very end) with glittering with grace, alternately glower costumes by Florica Malurosame. The librettists Scribe ready to pounce. Mr Ramey and Delavigne set their made discharged the once famous tale in the culture-jumble of evocation to the khostly nuns Sicily whither Duke Robert of in the haunted cloister with same Miss Anderson the same Miss Anderson deserved her ovation.

Meyerbeer was trowented on. All as anyone may near, Meyer from the repertory. Ionescu's beer did not command the set may not last as long as genuine demonic poetry of that but there is surely a Weber, Berlioz or Liszt, yet his chance now of seeing the opera masterly simulation can still from time to time. The five raise a shudder. Mr Ionesco hours in a sweltering theatre and his choreographer André did not seem too long.

Bertram (bass), in reality a mands the easy tenorial grace but except for some breath-devil who has sired Robert on a which the title-role demands human mother. They are folbut he still performs with dash, lowed by Robert's gentle fosterstyle and bold attack. His dictionary warm and sensitive and she sister Alize, bearing a letter tion put some of his country-held the pitch in the dangerous from their mother, recently de-ceased. Robert has made an

Robert (tenor) is accom-

for wicked behaviour.

Normandy has been banished real magnificence. hardly less good in the sardonic duets in which the role abounds. panied by a boon-companion Alain Vanzo no longer com-

Robert le Diable/Paris Opéra

**Ronald Crichton** 

Isabelle has the more brilliant solos. Miss Lagrange asked indulgence for indisposition, but except for some breathiness there was little sign of trouble. Her phrasing was warm and sensitive and she unaccompanied trio Robert and Bertram. produced plentiful

against her will to another. The kernel of the plot and the main point of dramatic interest is Bertram's struggle to win his woice and features to Dame one sometimes wanted a firmer to be a constitute of the plot and the main point of dramatic interest is Bertram's struggle to win his woice and features to Dame one sometimes wanted a firmer to be a constitute of the plot and the process of the plot and the main point of dramatic interest is by another American, June Thomas Fulton conducted. In the first two acts, where the plot and the main point of dramatic interest is by another American, June Thomas Fulton conducted. Anderson (Isabelle) and In the first two acts, where the plot and the main point of dramatic interest is by another American, June Thomas Fulton conducted. Anderson (Isabelle) and In the first two acts, where the plot and the main point of dramatic interest is by another American, June Thomas Fulton conducted. Anderson (Isabelle) and In the first two acts, where the process of the plot and the main point of dramatic interest is by another American, June Thomas Fulton conducted. Anderson (Isabelle) and In the first two acts, where the process of the plot and the main point of dramatic interest is by another American, June Thomas Fulton conducted. Anderson (Isabelle) and In the first two acts, where the process of the pr guiding hand, but conductor and players left no one in doubt concerning the inventive scor-ing. This, as Berlioz noted with appreciation, reaches a climax decors including the cloister scene. Here the set by Ciceri, partly seen in a instrumental colouring persuades what looks on paper superficially conventional ballet music to release a genuine Covent Garden, survived with the control of the contr whiff of sulphur.

He was Falcon and Jenny Lind, yet Prokovsky offended a few in the audience with a burlesque dance of ghostly nuns in drag, but this was only an incident, and if a scene of blasphemy doesn't shock, what is the point? Taglioni, who danced the role of the abbess in the original, was not amused and left the cast to cleanse herself with the romantic ballet par excellence, La Sylphide. In the cloister scene as elsewhere much was lost by lighting which preferred picking out details of scenery to illuminating the performers'

> and in part of the library there is an exhibition which, with a treasurable (and expensive) catalogue offers a feast to those who enjoy the visual side of romantic opera. Here among other pleasures are the triple portrait by Lepaulle of Levasseur, Nourrit and Falcon as Bertram, Robert and Alice, looking mighty startled in the last-act trio which is one of the best things in the score. It seems that the original

even to awake contrition for past doubts. whiff of sulphur. retouchings until Robert faded
As anyone may hear, Meyerfrom the repertory. Ionescu's

## Idomeneo/Glyndebourne

## Max Loppert

experience it doesn't always provide what love and belief music-drama—a performance so gripping, rich, and moving as

Simon Rattle undertakes the opera for the first time. The encounter shows just why he must be singled out from the mass of today's young conductors: for it was an encounter with an immensely difficult

The single Mozart opera of the 1985 Glyndebourne Festival tant things went splendidly dignifie tant things went splendidly vocal writing came across with wonderful freshness (the LPO. provide what love and belief and Glyndebourne chorus were courageous error). Only Electra insists it should. Friday's on best form). But there was makes less impression than performance however, was a no dawdling over the splen-vindication of ldomeneo the dours of the score ("Idol mio" replacing the indisposed Elizmusic drama—a performance so and "Placido è il mar" could abeth Connell, has good, strong even take a little more expan-siveness), no heaviness, and, sequally, no lack of weighty seriousness. Rattle here revealed himself as a fiery classicist and, so doing, revealed Mozart's youthful fiery classi-

cism anew. my taste better, indeed than when first seen: the fusion of delicate Cretan motifs and oriental spareness of architecoriental spareness of architeca stalls seat on the side aisle
ture may still afford uneven quite a lot of word-audibility
support for the opera's strucwas sacrificed to the general
ture, and the chorus handling exuberance, but the fault requires.

dignified. and heroic in her turn could hardly be bettered. A tenor Idamantes, given John Aler's unfeigned sweetness and nobility of voice and manner, no longer seems second-best (and the 1983 decision to include the Act 2 aria with violin obligato no longer a ideas about the role and the vocal line but not always the full supply of tone to carry them through.

A brief note about Albert Herring the following evening, in which Jane Glover took over The production showed up in the pit from Bernard Haitink well in such circumstances. To (as she will for the rest of the run). There was no discernible loss of sparkle, energy, and drive in the performance: from support for the opera's struc-ture, and the chorus handling may still betray fussiness, but the balance between pit and stage is now more securely field by a cast better able, on the whole, to fill out the fore-ground as the producer requires.

quite a lot of word-audibility was sacrificed to the general exuberance, but the fault probably lies with the house acoustics and the composer about equally. This is one of the vintage fillyndebourne casts tamina of Patricia Johnson's tady Rillows national and the composer Lady Billows notwithstanding) Philip Langridge, returning and one of the vintage Clynde-the title role, now builds up bourne productions. So if at an extraordinarily taut, intense, least one member of Saturday's Philip Langridge, returning to the title role, now builds up an extraordinarily faut, intense, and emotionally intricate audience continues to find this that acterisation, for which a few strained high phrases are peculiar and rather rum bag small price to pay. Yvonne Kenny (the 1983 alternate Ilia) has never sounded more diyndebourne argument to the lustrous; her playing of a contrary.

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June 1985

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# Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatra/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

## Music **NEW YORK**

Mostly Mozart Festival (Avery Fisher): Mozart Festival Orchestra conducted by David Zinman with Alicia de Larrocha, pianist; and Milan Turkovic, bassoonist: J.C. Bach, Mozart, Haydn (Mon, Wed): Emerson Quatet with Garrick Ohlsson, piano; and Milan Turkovic, bassoon: Mozart, Danzi, Beethoven (Tue); Peter Serkin, piano: Stravinsky, Mozart, kin, plano: Stravinsky, Mozart, Bach (Thur). Lincoln Center (8742424)

Schubert (Tue); London Symphony Orchestra, Neville Marriner conducting; John Browning, piano; Ver-di, Mozart, Rachmaninoff (Wed); Chicago Symphony Orchestra conducted by James Conlon with Young Uck Kim, violin: Stravinsky, Mendelssohn, Dvorak (Thur). Highland Park (7284842). **NETHERLANDS** 

ensterdam, Nieuwe Kerk (Dam Square). Organ recital by Bernard Winsembs. Couperin, Vierne, Alain

cheveningen, Circus Theatre. National New Zealand Brass Band, with Maori dancers (Tue). (55 8800). Rayinia Festival (Highland Park): Beaux Arts Trio: Haydin, Mendels-sohn, Ravel (Mon); Brahms, Mozart,

N.V. AMEV. Utrecht

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## July 19-July 25

TALY
Turin: Teatro Regio: The Italian Youth
Orchestra conducted by Piero Bellugi. Beethoven, Bartok and Mahler
(Tue). (548000).
Verona: Chiesa Inferiore di S. Fermo:
Harpsichord music by Scarlatti,
Bach and Handel, played by Gordon
Murray (Wed 6pm).

PARIS

La Grande Ecurie et la Chambre du
Roy with Rene Jacobs as conductor
and counter tanor, Hans Goverts,
harpsichord: Bach, Handel (Mon 8.30pm). Saint-Severin Church.

Sylvie Carbonnel, piano: One hour
with Beethoven (Tue 6.30pm). Sorbonne, Amphitheatre Richelieu.

LONDON

Brigitte Fasehaender, mezzo soprano, accompanied by Irwin Gage. Schumann, Berg und R. Strauss. Wigmore Hall (Mon). (935-2141).

BBC Symphony Orchestra and Chotus conducted by Sir John Pritchard. With Alison Hargan, soprano, Sarah Walker, mezzo and David Wilson-Johnson, baritone. Sessions and Mahler. Royal Albert Hall (Mon). (589-8212).

(509 5212).

connensouth Symphony Orchestra
conducted by Rudolf Barshai with
Yefim Brontman, piano. Mozart,
Beethoven and Shostakovich. Royal Albert Hall (Wed).

TOKYO Kiri Plane Quintet: Dohnanyi, Schu-mann, Schumidt. Toshi Center Hall (walking distance from New Otani and Akasaka Prince Hotels). (Mon).

(571 1689). akayoshi Wanami (violin): All-Bach recital. Ishibashi Memorial Hall. (Wed). (571 1689).

## Roger Woodward/Barbican

## Dominic Gill

A brief note to mark the return to the London concert platform after a long absence of the Australian pianist Roger Woodward—who during most of the 1970s was one of the enfants terribles of the London piano scene, and who gave, in his unpredictable fashion, not only some of the most hair-raisingly eccentric recitals I can remember from that decade, but also some of the most striking, original and commandingly beautiful.

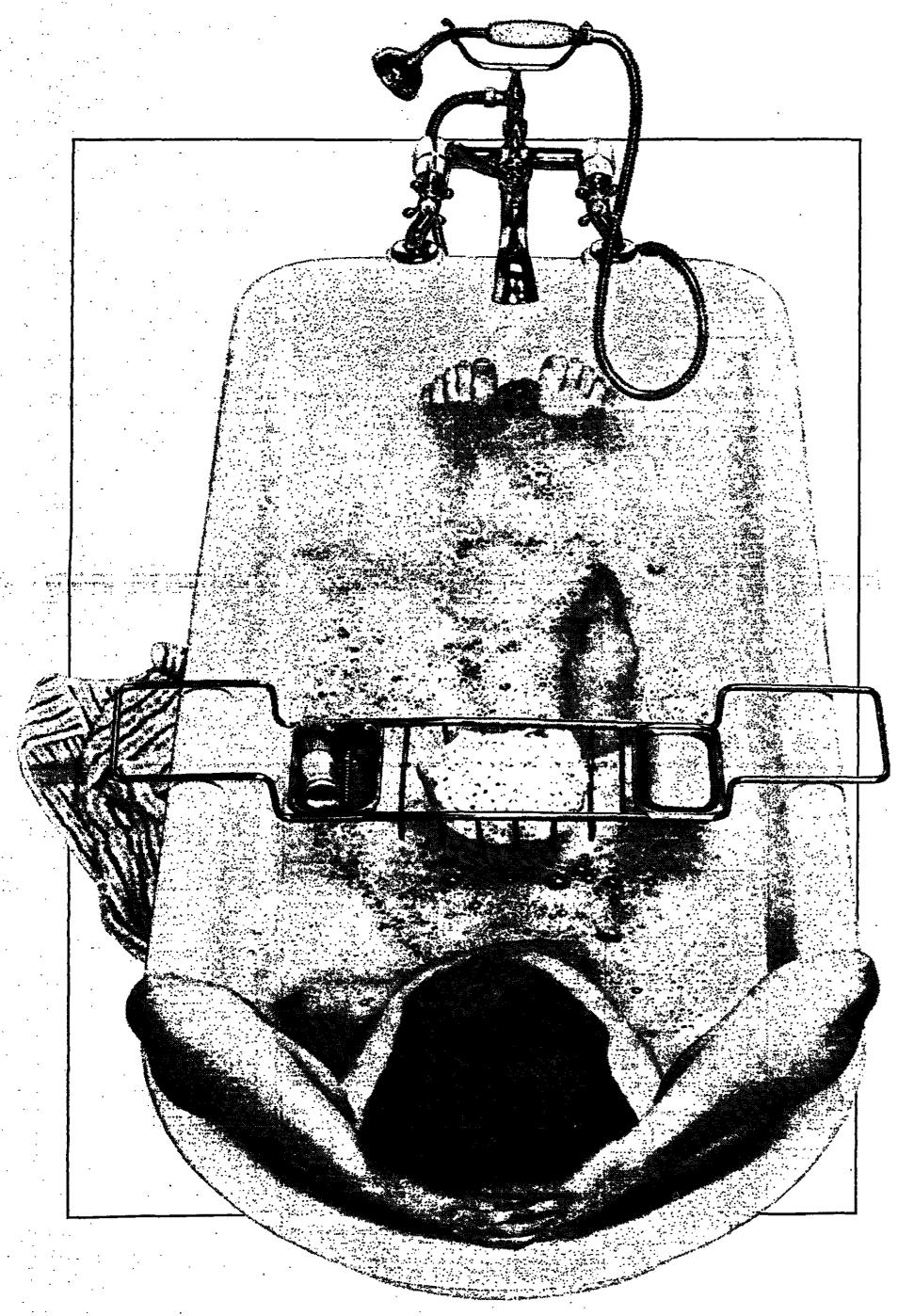
A Raymond Gubbay concert

ward's performance of the ward's performance of the ward's performance of the dar fried concerts on Friday night had familiar force and ring. His best playing has always been remarkable for its concentration and depth of colour: the first movement cadenza in particular was a splendid drama of light and shade, and the adagio beautifully shaped, a web of pastel half-tones. It was the interplay of brilliant and melting colours by turns which most characterised the finale—quick and bright.

beautiful.

A Raymond Gubbay concert promotion, with the Royal Philharmonic Orchestra under the stolid baton of Per Dreier, was perhaps not the most auspicious context for a return. But Wood-

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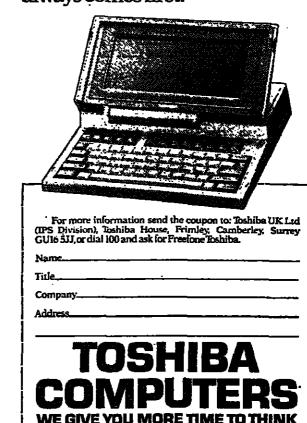
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## **FINANCIAL TIMES**

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Monday July 22 1985

# **European** imperatives

The inter-governmental conference between the member states of the European Community which convenes in the autumn, and which will be prepared by today's meeting of the foreign ministers, will be the Community's most politically charged negotiation since the great bust-up between France and the Five 20 years ago. Tidy-minded bureaucrats will do their best to reduce it to a negotiation on technicalities and legal formulae. But these technicalities will only be the superficial symbols of the central question facing the governments: what kind of Europe do they really

On the surface, the negotiation will be about majority voting in the Council of Ministers, about the powers of the European Parliament, about the role of the Commission. But just below the surface, governments will be confronting a question of much greater generality: are their common interests and their interdependence now so great and so extensive that they

can and must respond by a deliberate and visible step towards a more integrated Community?

What distinguishes this negotiation from the negotiations of 1950 and 1957 is that the Six were a self-selected group of countries which started out with a similar answer to the question; on both occasions Britain answered the question by staying away from the negotiating table. But today several member states will instinctively answer the question in different ways.

Greece currently takes an arm's-length view of its relationship to the rest of Europe, treating the Community primarily as a source of development finance. Denmark, for political and constitutional reasons, has serious reservations about any move which appears to imply a surrender of sovereignty. By contrast, the Benelux countries and Italy are explicitly committed to seeking constitutional changes which would symbolise and strengthen Europe's common interests, even if they have not spelled out precisely what they want. The dilemma of the conference, therefore, is whether it can straddle these divergent attitudes with a package deal which satisfies the Euro-unionists without alienating the reluctant Europeans. For if it concludes without unanimous agreement, the split which emerged in the vote at the Milan summit will turn into a political chasm, with unpredictable

Britain's alignment with Greece and Denmark at Milan was not just an error and an aberration: it was a denial of reality. Britain is a medium-sized European power like France and Germany, and it has long been obvious that its place is in Europe. Its economy requires access to the European market, and on no important issue are its fundamental interests at variance with those of its European partners. It depends at least as much on Europe for its security as it does on the United States,

## Systematic discussion

Moreover, British policies have, over the years, moved substantially into line with these realities. The Government has become one of the keenest advocates, not merely of tighter foreign policy co-ordination between the member states, but also of more systematic discussion of Europe's distinctive security concerns. By the same token, it has been converted to the need to revive the Western European Union defence organisation, and it is one of the strongest supporters of the need for systematic collaboration in arms procurement in Europe. Finally, it has explicitly recognised, in the paper delivered to the Fontainebleau summit a year ago, the indissoluble connections between economic integration, political solidarity, and the common defence

It is therefore extraordinary that the Government should feel impelled to distinguish itself from its major partners in the Community by hanging back, slightly but unmistakably, from the kinds of constitutional change that they are ostensibly seeking. It is sometimes argued that there is a large gap between rhetoric and reality among the Euro-unionists—they do not really mean what they say, witness the recent German veto on a tiny cut in the price of cereals. This is a shallow debating point. is a shallow debating point, and a dangerous one, because it might turn out to be wrong: the fact that they used the veto does not prove that the Germans would no prefer a situation in which such an option

But in any case the reverse gap is manifest in Britain, where the Government's domestic rhetoric on the subject of Europe is much more minimalist than its real policies. It is hard to conceive a more fundamental surrender of the totem of national independence than the commitment to the forward defence of Germany—a commitment France has not yet made and impossible to reconcile it with a vestigial insistence on the right of national veto in the European Community, which is being sustained much more for rhetorical reasons than because Britain's vital national interests are more likely to be at risk than those of the

These discrepancies of rhetorical approach are politically significant, but it is important to recognise that they exist largely in the mind. On practical, nutsand-bolts issues, the differences between Britain and the Euro-unionists are increasingly differences of emphasis rather than principle. Even on constitutional issues, so heavily symbolic of long-term aspirations, the differences between Britain, France and Germany are probably small: they all recognise that big changes in the Rome Treaty can probably not get through 12 parliaments. But political sensitivity in these negotiations and probably not get through 12 parliaments. tions should rule out any gratuitous disparagement of the long-term aspirations of the Euro-unionists, even if they are currently unrealistic.

Moreover, the greater the practical difficulty of securing ratifiable treaty changes, the greater the importance of introducing credible reforms to Community decision-making by methods which are effectively binding even if they fall short of parliamentary ratification. British proposals for "more" majority voting fall in credibility because they would not be binding. In the last resort, there is one reform that a majority of member states can impose: the dis-

that a majority of member states can impose: the disavowal of the Luxembourg compromise and the national veto. because it has no legal basis.

On all fundamental issues of principle, British interests coincide most extensively with those of the original Six. If the French Government were to follow the French Socialist Party in endorsing a commitment to the defence of Germany that match of interests to the defence of Germany, that match of interests would be even closer. The question is not whether British bureaucrats have made the finest judgment on what is prudent and negotiable in constitutional terms, but whether Britain and the Six, at least, are committed to strengthen ming their common interests.

SOUTH AFRICA'S EMERGENCY

# Mr Botha tightens the screw

By Anthony Robinson in Johannesburg



angry murmuring while the platform of priests, black comleaders and antimunity apartheld activists vied in condemnation of this latest tightening of the screws, It comes after 11 months of continuous violence which has led to over 450 deaths, and a mounting climate of insurrection in black townships throughout the

black townships throughout the country.

The decision, which presages an end to the relative restraint of the authorities, takes place against the background of mounting consumer boycotts against white businesses and the threat of a strike by black miners next week in the country's vital gold and coal mines. The death toll so far has been beneath the 575 dead of the beneath the 575 dead of the sharper but shorter Soweto rising of 1976.

The state of emergency sig-nals the end of Government hopes that a mixture of repres-sion and reform would serve to blunt what has now been clearly recognised as an unparalled challenge to the white power structure. It marks the determination of the Government to use the full powers of the police use the full powers of the police and the army to restore order. A similar state of emergency was delcared on March 30, 1960, a week after the Sharpeville massacre but was lifted after five months. Limited emergency powers were also introduced towards the end of the Scavets vising Soweto rising.

To many it is a mystery that

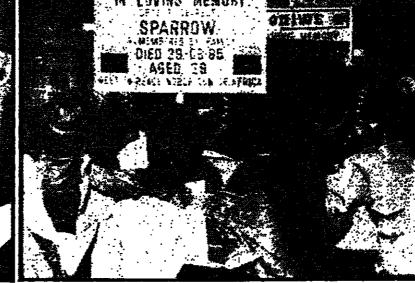
the Government has not already clamped down more severely in the face of unrest which is more widespread and deeply rooted that ever before.

Partly this is because the Government already enjoys Draconian powers of arrest, detention and repression under the various internal security and other acts and partly because the Government has sought over the past year to combine a policy of piecemeal reform of "the most discriminatory" aspects of apartheid laws with maintenance of law and order. It has been reluctant to use its full and awesome powers of repression in the hope of widening its support, especially amongst Coloureds and Asians. aspects of apartheid laws Thus far it has fallen between two stools. It has not been bold enough in its reforms to attract support from the majority black community

eply angered by their exclusion from representation under black local councillors and strong rand receipts from extension extension from representation. It has not been ruthless enough to pre
This has undoubtedly been a has swung strongly into surplus vent the rise of black political consciousness and organisation in the townships and rising black self-confidence under young and fearless leaders.

The new policy is likely to the unwillingness of govern
This has undoubtedly been a swing strongly into subuts on the main reason but growth is not expected to why the Government has not resume until the end of this year and even then at a rate insufficient to dent unemployment.

Poverty and unemployment



President Botha (left) and Saturday's funeral for four black activists at Cradock in the Eastern Cape (right).

Certainly that is how it is seen by Dr Frederick Van Zyl last week he made clear theat all Slabbert, leader of the white he is prepared to discuss is a opposition Federal Progressive formula for genuine power Party (PFP). Declaring a state of emergency, he said, "is a say in the raising and spend-devastating comment on the ing of revenue and the making devastating comment on the ing of routcome of the November 1983 of laws. referendum. What was sup-posed to be the beginning of an

## Funerals have become shows of solidarity

era of negotiation and consensus politics has seen us drift steadily into the present state of semi-siege. This governstate of semi-siege. This government has neither the ability, the townships with butter unter the plans nor the talent to cope with the demands of genuine Inflation is currently running that the Afrikaners no longer with the demands of genuine

One of the greatest failures the political process. The ary.

Government blames black The first results of austerity agitators and intimidators for and a weak currency are begin-frightening off potential parning to show through in higher ticipants, and points to attacks exports and the gold and other homes and familles of

be aimed at seeking out and ments to offer the prospect of have coincided with heightened neutralising the unofficial real power sharing.

leaders of black student, community and political groups, of 6m Zulus and of the 1.1m including highly politicized strong Inkatha movement, for priests. It has many of the hall-example, angrily dismissed Preexample, angrily dismissed Pre-sident Botha's forum offer as "a

lousy crumb from the white man's table." In a major speech On Friday Dr Slabbert re-

vealed that since the Govern-ment offered to open up the Cabinet committee discussing black political rights to mem-bers of other political parties in April, there has been no progress and no participation by the PFP, which accepted the offer with alacrity.

Inability to move forward convincingly towards power shar-ing has weakened the position of moderate black leaders at the same time as high inflation and

Inflation is currently running at 16 per cent while black unemployment is unofficially acknowledged to be in excess of One of the greatest failures employment is anomically of the Afrikaaner-dominated National party government has been its inability to make any progress with its stated aim of force. The economy has been attracting responsible and moderate black leaders into the "non statutory forum." proposed in January by President currently standing at around 52 cents to the dollar, has only Botha to discuss the forms of recently recovered from its all time low of 42 cents last January by President in time low of 42 cents last January by President in the low of 42 cents last January by President is unomically acknowledged to be in excess of more than 25 per cent of the employable black labour progress with its stated aim of force. The economy has been in a steep recession since more than 25 per cent of the employable black labour progress with its stated aim of force. The economy has been in a steep recession since more than 25 per cent of the employable black labour progress with its stated aim of force. The economy has been in a steep recession since moderate black leaders into the control of the employable black labour progress with its stated aim of force. The economy has been in a steep recession since more progression in a steep recession sinc eventual black participation in time low of 42 cents last Janu-

mines are benefiting from their

Poverty and unemployment area has broadened out into an

political awareness of black children. The young are in revolt against the inequities of the Bantu education system and the prospect of a lifetime of poverty and alienation in the segregated townships or even worse, the distant homelands. They are increasingly becoming the standard bearers of revolu-

Indeed the coffins of the four local community association activists believed murdered by Latin American-style death squads were carried into the township sports stadium last weekend behind the black, green and gold banner of the African National Congress (ANC) and the red flag with gold hammer and sickle topped by a gold star of the Communist Party of South Africa.

It is precisely this kind of bravado which so worries the white authorities. They fear that what President Botha described in his announcement of the state of emergency as "the utmost impose their order.

But the banners of the ANC and the Communist Party were not the only signs that black society has become as emboldened as the Polish workers' movement Solidarity before the imposition of martial law in December 1981.

Other placards prominently on display carried slogans like "Tambo, we demand AK47's and bazookas. We are ready" or "Business and military same side of a bloody coln." (Oliver Tambo is the loader in axile of Tambo is the leader in exile of rifles have become the symbol of armed liberation struggles in Africa and the Third World.) The placards bore eloquent witness to the way in which a revolt last September against rent increases in the townships of the Greater Johannesburg

attack on the symbols of white authority in the townships. It is still a subject for debate whether the ANC from its head-quarters in Lusaka actually sparked off the current wave of unrest. The evidence suggests that it was taken as much by surprise as the Government. But there is little doubt that the ANC abroad, many of whose internal leaders like Nelson Mandela are in jail, has

sought to guide and profit from the strategy of making black townships no-go areas. The South African government in reply has stepped up

## Black councillors were the first targets of violence

its own efforts to seal the frontier to arms and infiltra-tion, as shown by last month's raid on ANC cadres and safe wana. Ironically, however, its success in expelling the ANC from its bases in Mozambique after the March 1984 Nkomati accord with Mozambique appears to have led to a greater spirit of self-reliance among anti-apartheid forces inside South Africa itself.

Despite repeated denuncia-tions of the United Democratic Front (UDF) as a front for the ANC, the declaration of a state of emergency has not been accompanied by a ban on the

Instead the Government has proceeded to arrest UDF leaders over the last six months increased repression will sucand three treason trials are currently under way. Until now, however, this hydra-headed however, this hydra-headed front for over 600 political, student and community associations has shown remarkable resilience with new leaders springing up to replace those on trial or in detention

emergency is recognition that the greatest challenge to white authority comes not from over the border but from the virtual collapse of black local govern-ment and the emergence to fill the vacuum of radical political and student organisations. They demand not only better schools, housing and facilities but polihousing and facilities but poli-tical power at a local and national level.

The first targets of the vio-lence in black townships were the black councillors who were placed in an impossible position by the failure of the 1982 by the failure of the 1983 black local government act to provide the new black town councils with an autonomous

fiscal base.

Next in line were the houses of black policemen and on the East Rand alone the homes of 178 black policemen have been destroyed. The net result is that many townships are now policed exclusively by patrols of armoured cars sallying out from fortified bases, rubbish collection and other services are neglected and many of the former township facilities and shops are burnt and gutted

without effective local government or policing the townships have also become the battlegrounds for conflict between rival political groups, especially in the Eastern Cape where in-fighting between supporters of the UDF and the black consciousness Azapo movement has caused dozens of ment has caused dozens of deaths.

The state-run television followed up President Botha's an-nouncement of the state of emergency on Saturday night with film of speakers at the Cradock funeral against the background ofthe red flag and the hammer and sickle followed by shots of a police informer being kicked to death. This un-derlined the message that the emergency was designed to prevent subversion, murder and anarchy.
What is not clear at this stage

is whether it also signals the end of the Government's policy of "reform" now that 11 months of unrest have demonstrated that what has been on offer up to now has been de-

other up to now has been de-cisively rejected as cosmetic at best by the black majority.

In his proclamation, President Botha said only that it was essential for the situation to be "normalised in such a way that the climate for continued dialogue in the interest of all people in the constitutional, economic and social fields is economic and social fields is ensured."

What those bland words ignore is that up to now, there has been no real dialogue on these fundamental issues. The Government has sought to impose its own plans uni-

The two questions hovering over the future are whether ceed in dampening revolt or provoke further resistance and whether the Government will now be persuaded to scrap those fundamental apartheid laws tions has shown remarkable like the group areas act, the resilience with new leaders pass laws and influx controls and start to talk convincingly rial or in detention.

Declaration of the state of black majority.

## Australia's master brewer

While many people have trouble walking past a pub without dropping in for a quick pint, Alan Bond, Bête noir to the New York Yacht Club and the Australian business scene, apparently has the same weakness with breweries.

On Friday the Ealing-born and now Perth-based yachtsman and inveterate takeover expert bid A\$500m for half Castle-maine Tooheys, the Sydney and Brisbane brewery company which has about 30 per cent of which has about 30 per cent of the local market. It is 25 per cent owned by Allied Lyons which helped bring Castlemaine and Tooheys together five years

ago. Castlemaine would sit as part of a matching pair on the Bond Corporation's mantelpiece, with its Swan Brewers in Perth aken over three years ago for A\$160m.

A\$160m.

The sense of beer industry deia vs will be strongest for Lloyd Zampatti, chief executive at Castlemaine and managing director at Swan until Bond took it over. Zampatti is not vehemently opposed to the



" Ramember. every

## **Men and Matters**

The strength of opposition

and the scale of the target compared with the A\$210m capitalisation of his 54 per cent owned Bond Corporation Group should leave the ebullient and ambitious Bond undazed. He amondous Bond indezed. He
did, of course, achieve the impossible in lifting the America's
Cup from the New York Yacht
Club in 1983 and makes a habit of borrowing lots of other people's money to mount take-overs, of which the latest is the

Bond's recipe for success is timing, opportunity, faith, hard work and the ability to analyse the risk and reward equation.
"I'm not a gambler," he says, although he went within an ace of going under in the 1974 pro-

In the past 18 months former signwriter Bond has spent A\$120m buying into television stations and earlier this year bid A\$400m in an unsuccessful

effort to get control of Arnotts, the big biscult maker.

If he gains the debt-free Castlemaine the sky will hardly be the limit. He already owns Airship Industries, the UK group reviving the originals as commercial aircraft.

## Dallas continued

The plot of Dalas—the saga of British television politics rather the TV oil industry soap opera-thickens. Senior staff at Thames Television which ten days ago lost its managing director, Bryan Cowgill, over the ramifications of the issue, are now taking bets that Dallas will start with Thames to snite

A\$7.10 a share on offer by his in the form of programme pur-now familiar adversary. chase that the corporation is not blackballing its other pro-grammes. And the company will not accept a cent less than the \$60,000 an episode in the

Thames contract.

Alasdair Milne, BBC director general, says he has no intention of paying that much and is waiting for Worldvision to come to him.

There seems no obvious way

out of the impasse at the moment. It will still be a little ironical if Cowgill, who has gone on holiday to recover from the whole affair, will be able to sit at home and watch Dallas on the ITV button in autumn after all.

## Revolutionary

If marketing is to be a key to success in the City Revolution—as many people believe—one of the more challenging jobs has gone to Christopher Arnander. He has just been appointed head of business development at Barclays Merchant Bank, the at Barclays Merchant Bank, the subsidiary of the clearing bank which is putting together one of the largest of the new City conglomerates with de Zoete and Bevan, the stockbrokers and Wedd Durlacher, the jobbers.

"It certainly sets your adrenalin running," said Arnander of the prospect of plunging into the uncharted waters of the City's new markets. But he

City's new markets. But he feels he will have a big advantage with Barclays behind him,
"It's a household name for soundness," he said. "It should at Thames Television which ten days ago lost its managing director, Bryan Cowgill, over the ramifications of the issue, are now taking bets that Dallas wil stay with Thames in spite of the best efforts of the IBA. Worldvision, the American distributors of Dallas, is saying it will not talk to the BBC until there is concrete evidence

adviser. Before that he did seven year spells in each of Hill Samuel and Williams and Glyn's. His appointment should make up for some of the defec-tions Barclays has suffered recently in the City hurly burly.

## Broken link

An unusual Anglo-German link in the field of engineering is coming to an end. Baker Perkins, the Peterborough-based manufacturer of food processing and printing machinery, is selling the stake it has held for nearly 60 years in Werner and Pfleidererr, a Stuttgart engineering group. Several years of poor returns from its 30 per cent holding in Werner and growing competition worldwide with the German company in the field machinery have persuaded Baker Perkins to pull out. It is selling its holding to Krupp, the West German steel and engineering group, for around #4.5m.
NO 16-8/8
Baker Perkins' earnings from

the German company have fallen in recent years to around £45,000 a year from around a syst from 1970,000 to £200,000 during the 1970s. The sale has been held up by the need to gain the approval of the other partners, the Fahr and Werner families. "We could not sell to the highest bidder," Colin Joyce, Baker Perkins finance director says.

Baker Perkins injected about

£200,000 into Werner in 1927 in the form of preference shares. It later converted some snares, it later converted some of the preference equity into a 27 per cent in ordinary shares giving it a total holding of 30 per cent.

## Breadwinners

Heard in the City last week: will stay with Thames in spite desks?"
"They're all away on a course—a sandwich course."

Observer

DAJE LEN	VING RAILS
A.B.N. Bank 12 %	, ■ Hill Samuel
Allied Dunbar & Co 12 %	. C. Hoare & Co 12 %
Allied Irish Bank 12 %	Hongkong & Shanghai 12 🕏
American Express Bk, 12 %	Johnson Matthey Bkrs. 1219
Henry Ansbacher 12 %	Knowslev & Co Ltd 1910
Amro Bank 12 %	
Associates Cap. Corp 13 %	Edward Manson & Co. 1349
Banco de Bilbao 12 %	Macheni & Come Till 10 m
Bank Hapoalim 12 %	Midland Bank 12 9
BCCI 12 %	■ Morgan Grenfell 12 🛠
Bank of Ireland 12 %	. Mount-Credit Corp. Lag 12 4
Bank of Cyprus 12 %	National Rb of Events 10 ft
Bank of India 1219	National Girobank 12 %
Bank of Scotland 12 %	National Girobank 12 % National Westminster 12 %
Banque Belge Ltd 12 %	NOTTOPPO KINK LTA 19 UK
Barclays Bank 12 %	Norwich Gen. Trust 12 %
Beneficial Trust Ltd 131%	reopie's Trust 13 9
Brit Bank of Mid. East 12 %	PK Finans Intl. (UK) 13 %
CL Bank Nederland 12 %	Provincial Trust Ltd 13 9 R. Raphael & Sons 12 9
CL Bank Nederland 12 % Canada Permanent 12 %	R. Raphael & Sons 12 %
Cayzer Ltd	Royal Trust Co. Canada 12 %
Charterhouse Japhet 12 %	J. Henry Schroder Wagg 12
Choulartons**	Standard Chartered   12 %
Citibank NA 12 %	TCB 12 %
Citibank Savings 172702	Tructee Sevings Bank 19 0
City Merchants Bank 12 02	United Bank of Knweit 12 or
Civiaciala Rank 19 M	United Mizzahi Rank 19 0
C. E. Coates & Co. Ltd. 13 %	Westpac Banking Corp. 12 %
Comm. Bk. N. East 12 %	Whitesway Laidlaw 1910c
Consolidated Credits 121%	Williams & Glyn's 12 of
Co-operative Bank 12 %	Yorkshire Bank 12 oz
The Cyprus Popular Bk 12 % Duncan Lawrie 12 %	Members of the Accepting Houses
E. T. Trust 13 %	
Exeter Trust Ltd 121%	* 7-day deposits 8.75%. 1 month
First Nat. Fin. Corp 134%	9.5%. Top Tier-E2,500+ at 3 monthly notice 12%. At call when
First Nat. Secs. Ltd. 1210.	£10,000+ remains deposited.
Robert Fleming & Co. 12 %	# Call deposits £1,000 and over
Robert Fraser & Pins. 13 %	8%% gross.
Grindlays Bank	R 21-days deposits over £1,000 10%.
Guinness Mahon 19 02	T Mortgage base rate.
Hambros Bank 12 %	**See Provincial Trust Ltd.
Heritable & Gen. Trust 12 %	5 Demand deposits 82%.

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FOREIGN AFFAIRS

# Straws in the Russian wind

By Ian Davidson

THE greatest virtue of the One possible inference is that secrecy of the Soviet system is the objective characteristics of that it offers almost unlimited the international environment, Western commentators: it makes jobs for Kremlinologists, and it is their most exciting speculations, their most unconventional interpretations, which hit the headlines.

That may be because so many Kreminologists are Americans, and America loves novely. Yet conventional interpretations are normally safer as a starting point, because they are more

Thus, when Mr Yuri Andropov became party boss on the death of Mr Brezhnev, on the seath of ar breaker, some watchers commented on his reported passion for lazz and Scotch whisky for was it Bach and brandy?), and drew the exeting conclusion that the new man would turn out to be a pro-Western liberal. It did not take long to discover that one of the leading characteris-tics of the man who had headed the KGB was that of a disciplinarian. Not very

be the new President earlier this year, and replaced as Foreign Minister by the unknown Mr Eduard Shevardnadze, some watchers commented on the fact that his experience of foreign affairs was extremely limited, and confined to a handful of countries in the Third World. They also dress the dramatic conclusion. drew the dramatic conclusion that his appointment signalled

that his appointment signalled a switch in the foreign policy priorities of the Soviet Union from the traditional superpower relationship, running through Western Europe, to greater emphasis on the Third World.

This line was reinforced by the parallel speculation, derived partly from the impression of total rigidity in the Soviet position in the Geneva arms control negotiations, that the Moscow leadership had abandoned any hope of desire for a better business relationship with President Reagan's Administration, ead was hunkering down to wait for his successor.

Yet no sooner was the ink

room for speculation by as well as the internal political Western commencators: it dynamic of the Soviet system. dynamic of the Soviet system, impose a serial constancy on the priorities is Soviet foreign policy which cannot lightly be peary much cannot rightly be pearly and the predilection, real or imaginary, of any new leader. The speed with which Mr. Gorbachev has established his personal dominance, through a sweeping purge of leading members of the old hierarchy, may have surprised and impressed Western observers; but the system over which he presides is still a collectivist.

system. The constants in Soviet foreign policy preoccupations must include, and in all probability must be headed by, the superpower relationship, superpower relationship, because that is the relationship which encompasses the greatest potential uncertainties and even dangers for them-as for the

rest of us.

The Russians may not like what little they understand of the Reagan Administration, they similarly, when Mr Andrei the Reagan Administration, they Gromyko was moved upstairs to be the new President earlier good way to get hooks into President earlier. may not see with confidence any good way to get hooks into President Beagan's "Star Wars" anti-missile research programme, and they may believe that will be very difficult to do any advantageous business with such a visceral anti-Communist. But it is stretching credulity to aumoose that they credulity to suppose that they can safely neglect the American problem for another three years or more. Such an option would be even more difficult for a new leader than for an old

> The second constant in Soviet foreign preoccupations must be the East European empire, because the vassal states are, in varying degrees and at various times, in a permanent state of times, in a permanent state of fermentation against their Soviet overlords. And the third constant must be Western Europe, partly because of its importance to the Atlantic Alliance, partly because, with Germany at the centre, its proximity and its economic strength give it large potential influence on developments in Eastern Europe.

Eastern Europe. yer no sooner was the ink dry on these extreme notions, than Washington announced, that Mr saltent Europe, on a and Moscow confirmed, that Mr visit to Warsaw. The fact that Gorbachev and President he is also going to meet President in November. Moreover, Mr Mitterrand would appear to confirm the constancy of Soviet Paris in the autumn.



Mr Mikhail Gorbachev

But the interesting thing about the planned Geneva summit with President Reagan, is that it appears to have been agreed without a settled agenda agreed without a served agenda for negotiation, to say nothing of a pre-cooked agreement on any issue, however minor. And since President Reagan has been openly pleading for such a meeting for a long time, it is evident that the final decision to give the idea the go-shead was made after some refertion was made, after some reflection

What this suggests is that Mr Gorbachev and his col-leagues in the Polithuro have decided that they are either going to do something with the Americans, or they are going to do something to the Americans
-one or the other-on the big neuralgic issue which unavoidably dominates all others in the ver relationship, weaponry and arms

by Mr Gorbachev.

erers serious and emparassing pressure on Ronald Reagan, or else provoke profound dissension within the Atlantic Alliance. These apparently alternative strategies could be combined in one, to be played either way. The reason for this unreliable

prediction is, of course, "Star Wars." President Resgan may or may not be content with a meeting which turns out to be little more than an amiable gettogether, a media event to charm and reassure the American electorate but with-American electorate but with-out any policy consequences. But Mr Gerbachey can hardly consemplate a meeting with President Reagan which, by its effective silence on the subject of "Star Wars," could be inter-preted as tacit acquiescence in the legitimacy both of the American research programme American research programme and, by implication, of the strategic aspirations which lie

If this is the Gorbachev strategy, then it calls for quite a profound re-think of the Soviet posture, certainly on the subject of nuclear weapons reductions, and probably on the subject of the American "Star Wars" research programme as well. For if the Soviet Union seriously wants a nuclear weapons agreement with the U.S., it will have to some the target. it will have to come to terms with the fact that "Star Wars," as a laboratory research pro-gramme, cannot be banned by treaty, because compliance with Russians, and by November for the Americans, when the mid-term elections will be only a year away, the central tools is such a ban could not be verified —at least not by any means that would be acceptable to the secrecy-obsessed Russians.

On the other hand, if the Soviet Union merely wants to Doing something with the Americans would mean making a serious attempt to unfreeze the Geneva talks with a view to moving towards a negotiable Doing something with the Americans would mean making a serious attempt to imfreeze the Genera talks with a view to moving towards a negotiable agreement: under this option the November summit might it is prepared to offer a desper perform an analogous function to the 1974 meeting between President Gerald Ford and president Brezhney in Vladiwostok, which sketched out the basic framework for the second Strategic Arms Limitation freely (Salt) which was finally negotiated in 1979. and theselore more attractive what it reductions in the superpowers' tainly arsenals than the U.S. At anythis present this is simply not the case. The U.S. is proposing, as it did in the abortive Start negotiations of 1983, a one-shird cut in ballistic missile without it in ballistic missile to the control of the contro

ioning the Soviet arms control is only talking rather vagnety posture in terms sufficiently in public about a 25 per cent attractive to Western European cut in nuclear weapons, which governments and to Democrats in the U.S., that it would either proposals in the Start talks, exert serious and embarrassing but it has not tabled that pressure on Ronald Reagan or proposal in Geneva. To exert slon within the Atlantic Allience. These apparently strategies could be alternative strategies could be It is not, of course, necessary that such a dramatically improved Soviet offer be seriously meant; it could well

be protected by a wall of impossible conditions so as to restrict it to propaganda pur-poses. But even to go through the motions of such an offer could imply a serious wrench to vested bureaucratic interests in the Soviet Union. The significance of the November date may therefore be that it sets a sufficiently distant deadline so as to exert some pressure, but permit enough time, for the Soviet bureau-cracy to go through its internal

negotiations.

All this is, of course, very far-fetched. Yet it so happens that there have been a few they straws in the wind which may not be entirely inconsistent with straws. with such a double strategy. First, the New York Times has reported that Soviet negotiators in Geneva have indicated that Moscow might be prepared to acquiesce in anti-missile research. The Russians quickly denied the report, but they would, wouldn't they?
Second, General Nikolai Chervov, head of arms control

for the Soviet general staff, told a visiting U.S. Congress-man that the Soviet offer of a 25 per cent cut in nuclear weapons could apply to war-heads as well as to missiles. If confirmed in Geneva, this could be the start of a fundamental shift in the Soviet position, because it is the multiple war-heads on the Soviet heavy missiles which chiefly worry the Americans.

Now time may yet show that these are not so much straws in the wind as kites, which Mr Gorhachev may be flying to see what the response is. They cer-tainly do not commit him to anything yet. But you can be quite sure that he is not going to Geneva to have his picture

And what about the reported rebabilitation of Marshal Ogarnegotiated in 1979. warbeads to a maximum of kov, who was given the heave-Doing something to the 5,000 on each skie. ho last year? You'd better ask Americans would mean refash. By contrast, the Soviet Union a Kremlinologist . . .

## Lombard

# Recycling the global surplus

By Anatole Kaletsky

LOTTERY winners are well lateral loans to oil importing known to be an easy prey for countries and placed a further financial bucksters. At best they 51 per cent in government hand their windfalls over to securities and bank deposits. financial institutions for "pro-fessional management," which simply means buying financial account deficits in industrialised instruments from other finan-countries, with about one-third cial institutions—and that is left over for the Third World, when trouble begins. When Opec came back for

Latin America. These days, the cloud forms above the industrial centres of Japan and carries money across the Pacific to the U.S. Treasury in Washington, casting its shadow over most of U.S. industry as it

Nations which have more money than they know what to do with place it in international in Mexico and Argentina sud-financial markets. This kind of denly blew the money cloud financial investment does not have any automatic link with showered temporary blessings real productive investment, on the U.S. Government and its real productive investment, on the U.S. Covernment and its particularly when the markets concerned interpose ever channelled massive capital ingreater numbers of layers in flows into dollars. The strong the form of options, futures and currency swaps, between the ultimate suppliers and currency swaps, between the ultimate suppliers and supplie ultimate suppliers and users of

The savers in Saudi Arabia or Japan become so remote from the borrowers in Brazil or Atlanta, that there is no reason to suppose that anything in the way of productive assets will be created with which to pay back the saver.

Back in 1973, when people had less faith than they do today in the perfect omni-science of financial markets, this problem was at least discussed. "Recycling petrodollars" was correctly perceived as the central economic chal-lenge posed by the oil crisis and by a combination of luck and judgement. Nations belong-ing to the Organization of Petroleum Exporting Countries were persuaded to deploy their new-found wealth in a reasonably helpful manner.

when trouble begins.

Ever since the first oil shock of 1973, a cloud of "managed" money has been drifting around the world, first showering riches and then unleashing economic squalls wherever it happened to descend.

The cloud first wafted from the Middle East to the international banks in New York and London and from there to Latin America. These days, the accommodate Opec's surpluses.
As a result, the Third World was left to borrow two-thirds of the oil windfalls through the international banks: non-oil developing countries increased their annual deficits by \$44bn

(£31.5bn) between 1977-78 and 1979-81, while Opec's surplus increased by \$51bn. In 1982, of course, the crisis soon channelled much of the surplus money into Japan's

current account.

The strong dollar tempted Washington to go on spending and before long the money cloud was hanging over Tokyo in the form of an unpreceden-

ted current account surplus. In the next few years, the Japanese current account surplus will present a problem of recycling as serious as the Opec

The stampede of Japanese investment institutions into dollar securities on the false prospectus of a supply side revolution in the U.S. economy was only a temporary solution. In the end, unless the leaders of the industrialised countries face up to the need for a truly global macroeconomic policy, financial markets alone can shift the problems created by current account imbalances Between 1974 and 1976, Opec from one part of the world to put 35 per cent of its surphises another but they do not seem into special bilateral and multi-capable of solving them.

# Learn another

language From the Chairman of the Franco-British Council

(British Section)

Sir, Mr David Lascelles's for louder English as the best way of communicating with foreigners was perhaps not meant entirely seriously. I can meant entirely seriously. I certainly hope not. All the same it represented a point of view not unusual, at least in some business circles, but which I believe to be profoundly misguided and indeed dangerous. Of course it is true that English is now the most usual second language, just as Latin and then French used to be, and that much of the world's commerce is conducted in English. It is also true that the teaching of foreign lan-guages in Britain is in decline, largely, in my view, due to the fact that even our oldest universities now no longer require competence in another language in order to qualify for entry and that business attaches little and that beginess attaches into importance to liguistic ability. It is absurd to equate knowledge of foreign languages with scientific or atheletic ability. After all, eyen quite uneducated and stupid foreigners somehow learn their own languages, after a fashion at least and although the Tower of Babel had no divine blessing, its results are

everywhere apparent.

Why should the British be uniquely privileged to ignore them? Who can doubt that someone who knows the language of a country is better placed for doing business in it than one who does not? Without some knowledge of a person's native language and consequent under-standing of his culture it is easy to misunderstand what he maons

to misunderstand what he means even if he is himself speaking English.

To focus just on the situation near at hend, Britain is now a member of the European Community in which we are a quite small minority but in whose development our major commercial and political interests must reside. Of course the

# Letters to the Editor

opportunity world still exist even if we were not members of the Community. In fact, few people new deny the need to encourage greater European unity and most accept that language differences are a handicap to

It is my belief that many of It is my belief that many of our much publicised arguments with our European partners stem from our own failure to make the necessary major effect, including study of languages, to adapt ourselves to our European destiny. For example, I wish that the Ministers of Education in the Community could agree that all university students should spend at least a term in a university of another Common Market country. Such a rule university of another Common Market country, Such a tule would transform language teaching in Britain: it would also be a major step towards creating a truly European intelligentsia.

We all laugh when in

We all laugh when in Pygmalion Dr Doolittle plaintively enquires why women cannot be more like men. Let cannot be more like men. Let us not adopt the same ridiculous attitude where foreigners are concerned, but on the contrary try harder to learn at least the main European languages and acquire thereby a better ability to communicate, to understand—and to sell. Political, cultural and commercial arguments all lead inexorably to this

Sir Philip de Zuluets. 6, John Street. London, WC1N 2ES.

The bureaucratic British

From David M. Fifield, Sloan Fellow (LBS).
Sir.—I would like to expand on Professor Forrester's report

panies remain too bureaueratic to be a fitting environment for business graduates. The American business culture is more task-orientated and responsive to conceptual thinking than that of the British, which is roleorientated and fact-following.
It is not surprising, therefore,

that the American culture has developed and can use MBAs with their broad education while the British prefer to attach specific labels to individuals according to their train-ing and experience. However, the British culture shows signs of changing, so MBAs might yet of changing, so make might yet have their day on this side of the Atlantic.

Oaklands,

Weston Underwood,

**EEC** sugar

prices From the deputy director-general, Food Manufacturers'

Sir.—We would like to add our support to the sentiments expressed by Mr Hamish McDonald in his letter (July 10) about EEC sugar prices.
The idea has been studiously put about by the authorities in Brussels that the EEC's sugar regime is a model of agricultural market management because it is "self-financing." Not only is this misleading in

Federation
Sir.—We would like to add

the sense that the consumer is paying for the extravagance of a regime which gives a guaran-teed price for surplus producto market realities.

When the EEC Commission British comes forward with its review French.

proposals for sugar in a few months' time, it should take the must reside. Of course the referred to by Michael Dixon on opportunity to impose greater European market with all its July 15 that many British com-

(a) changing the basis of the regime so that it becomes a regime so that it becames a price-managed regime rather than a qunta-managed regime;
...(b) ending the practice of using the storage levy scheme to pay for carryover stocks of

Naturally, the meeting may cover a lot of other ground as well: the Middle East, Afghani-

stan, U.S. grain sales, human rights, who knows? But for the

bound to be arms control.

surplus sugar:
(c) abolishing the UK white sugar). H. B. Williams

5, Catherine Street. WC2.

Logic of the CAP

Director of Westlake Foods
Sir,—I need help. I used to have problems understanding the logic of the CAP and I now find it even harder to grasp. Years ago studies were showing that the net cost of direct income support was actually wery close to price support, the difference being only the method of collection. The argument was made (and is) that farmers did not want handouts but control was applied to the control of the control but wanted reasonable prices to secure a reasonable income.

I would like to know why we cannot have direct income sup-port by member countries at

an agreed level with the main-tainence of MCA's. Prices would be reduced, surpluses could be sold without third country subsidy and the ridiculous administrative and

ridiculous administrative and finance charges would be reduced considerably.

If anybody thinks that EEC countries are not pursuing nationalistic interests at present, look at the subsidised loans currently on offer to third countries to help their meat exporters in France and Ireland to sell in these markets A to sell in these markets. A common market could be main-tained without the need for quotas and other superficial teed price for surplus produc-tion, year after year: it is also dangerous in that it tends to make people think the regime to from the taxpayer instead of does not have to be accountable to market realities.

When the FFC Commission British and Europe for the. Andy Tucker Westminster Buildings

Theatre Square, Nottingham.

U.S. role in export growth of other nations

From the director of forecasting [ **Business International** Sir,—Much nonsense is being talked about what Anatole Kaletsky (June 26) calls "America's role in generating the export-led growth of other countries . ." Unfortunately, by reporting without criticism a study by Data Resources (DRI), Mr Kaletsky lends credence to the sadly fashionable view that "the U.S. market has accounted for the whole of the growth of exports in 1981 from Germany, Italy, Belgium ... As yet, I have not Italy, seen the DRI study, but I can assure you that the statement is highly misteading or plain false, depending on its interpre-

has gots its sums wrong. The problem is actually an intriguing one of differing perceptions. For if the discussion is conducted in terms of U.S. dollars, then the fashionable view can appear to he correct. In the table, the left-hand column gives the value increase in dellars of German exports between 1983 and 1984 (source: OECD Statistics of Foreign Trade). On these figures, the increase in German exports to the U.S. last year was actually greater than the increase in total than the increase in total German exports. However, consider the figures in the right hand column. These are for the

This is not to say that DRI changes in value of German as gots its sums wrong. The exports in Deutsche mark terms (source: the Monthly Report of the Bundesbank). On the Bundesbank figures, the increase in German exports to the U.S. was merely one quarter of the total increase and less than half the increase in German exports to Western Europe.

German Exports 1983-84, (increase in value)

8 bn DM bn

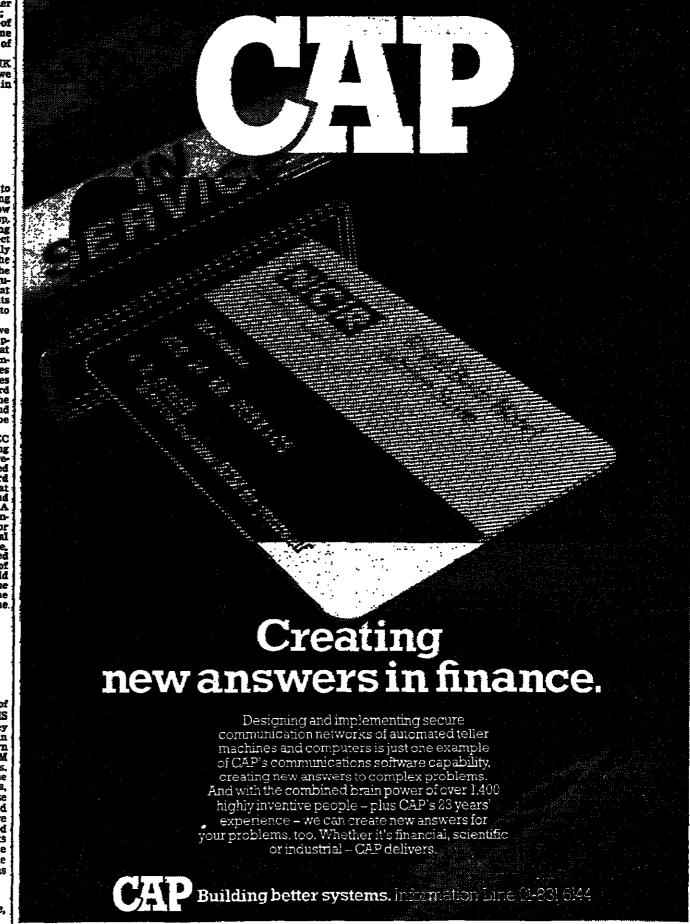
otal 2.3 55.9

U.S. 3.6 14.0 To U.S. 3.6 To Europe 0.8 To Opec -2.6

Two points need to be made. First, the figures in dollar terms embody large distortions

because of the marked rise of the dollar against the EMS currencies. In particular, they misrepresent the rise in German exports to Western Europe. Second, the DM figures, though in value terms, give a far better idea of the value changes (in DM terms) volume changes (in DM terms, German export prices rose only 3.4 per cent last year) and so give a much fairer picture of the actual stimulus received by Germany's economy from its trade partners. Of course, the U.S. role has been a real one but its relative significance has been greatly exaggerated.

Ian Riley. Banda House, Cambridge Grove,



# FINANCIALTIMES

Monday July 22 1985



Terry Byland on Wall Street

## Banks on the crest of a wave

THE BATCH of second quarter results from the U.S. money centre banks has confirmed them in their restored role as Wall Street's favourite sons - with the notable ex-ception of BankAmerica, whose parentage is, perhaps, less widely

Overall, the results announce over the past fortnight were "truly outstanding," says Mr Thomas Hanley, bank analyst at Salomon Brothers. Gains in net earnings ranged from 20 per cent to 45 per cent at Citicorp, Chase Manhattan, Chemical NY, Bankers Trust and J.

P. Morgan.
The stocks have strongly outper-formed the rest of the market since the final quarter of last year, as falling inflation and interest rates have boosted the financial sector. Stock prices have, not unnaturally, hung fire during the results season. Investors and brokerage analysts are now assessing the prospects for stock prices for the coming six

The second quarter figures offer some guide for the rest of the year. But the major Wall Street firms are not changing their predictions for the full 12 months, which are for a gain of around 17 per cent in earnings. Such forecasts indicate the degree to which the profit recovery is pased on severely depressed 1984

Declining interest rates are the factor most quoted by the banks for their good fortune in the second

BANK	2Q NET	CHANGE %
Citicorp	251m	+ 22
BankAmerica	(338m)	-408
Cluse Manhat.	130.8m	+ 45
Manufact. H.	98.5m	+ 33.6
J. P. Morgan	157.4m	+ 51.8
Chemical NY	107.3m	+ 39.7
Bankers Trust	87.2m	+ 21

quarter. U.S. consumers have coninued to spend heavily, boosting their bank accounts with readily available bank credit.

Earnings benefited over the past six months from plunging rates in the money markets during a period when banks were able to keep rates high on consumer loans.

FIGURES published by the Bank protection against excessive rel- serves or a further build-up of for-for International Settlements (BIS) iance on the short-term market, eign debt, either of which could be Also significant for bank profits have been the gains in prices of U.S. federal bonds, which figure today suggest an answer to one of the great Euromarket mysteries of with long-term debt," says Mr Jan component remains very high. strongly in bank portfolios. Chemical NY earned \$69.8m from sales of 1985 - namely the sudden upsurge Vanous, a Washington-based econosecurities. \$3m more than in the comparable period, while Citicorp which has raised \$1.1bn on the Euturned a loss of \$5m in securities trading into a profit of \$4m.

Similary, foreign exchange trading has been very profitable for the ney-centre banks since the U.S. dollar has been the subject of per-sistent speculation. Income from such sources jumped by 95 per cent at Chemical, while J. P. Morgan turned a loss of \$13m into a profit of

Mr Hanley believes major bank stocks are still cheap compared with industrial stocks. Price/earnings ratios on bank stocks are only about 60 per cent of that on the Standard & Poor's 500 index, based on 1986 profit forecasts. Salomon Bros expects that gap to narrow to but bank p/e ratios at 70 per cent to 80 per cent of the S & P ratio over the six months.

However, there is another side to the banking results. The banks pleased the federal regulators with their readiness to curb earnings by increasing loan loss provisions Chase, Banker's Trust and Chemical applied nearly as much of their increased operating profit for the second quarter to loan provisions as

they did to earnings. Yet Mr Mark Biderman of Oppen heimer notes that stock in J. P. Morgan weakened on the disclosure that loss provisions jumped from \$30m to \$90m between the first and second quarters. Oppenheimer regards the increased provisions as a positive factor, but the stock market sees them as a warn-

ing of higher loan losses ahead. Nor can the shocks at BankAmerica, until a few years ago the largest bank in the U.S., be ignored by the rest of the industry. It cannot be the only U.S. bank struggling with the effects of "disinflation, dollar volatility, the uneven (U.S.) recovery, to quote Mr Sam Armacost, Bank

America's chief executive. Bank earnings could be held back in the second half if further increases in loss provisions are required. A slowdown in the U.S.

economy could mean problems for the bankers' loans to the farming, manufacturing and mortgage sectors.

Also, over the entire profits outlook loom the Latin American debts, which were consigned backstage in the second quarter but will continue to haunt the industry. Responding to the federal regulators, the banks refrained from booking the delinquent interest payments from Argentina to second quarter profits. But oversees debt problems will return, and they could catch the bank stocks in less favourable circumstances

Richard Evans reports on city life near Iraq's war front

# Morale under siege in Basra

ra is a city under siege. Along the pavements, high walls of sandbags, many shredded with shrapnel, have been constructed to offer pedestrians and shop windows a degree of protection in case of unexpected attack. In the background there is the sound of heavy artillery from the front, 15 miles away on the Iranian

Once a boom town and Iraq's premier port, the city is now in suspended animation awaiting the next Iranian attack and maintaining as normal a life as it can.

Basra is the prize the Iranians are desperate to claim as the war with Iraq approaches its fifth anniversary and appears more bogged down in stalemate than ever. Its capture would throw into confusion and probably topple the regime of President Saddam Hussein. The Iraqis are therefore determined to defend it at any cost. The 600-mile drive from Baghdad

The 600-mile drive from Baghdad What the Iraqis can do nothing to Basra reveals a country fully about, though, is the constant

BY QUENTIN PEEL IN BRUSSELS

All the key questions which split

the summit, including ways of

speeding up decision-making in the

ment and the European Commis-

sion are once again on the agenda for the Foreign Ministers' meeting

of borrowing by East Germany

They show that East Germany,

rocredit market this year compared

with \$563m in the whole of 1984,

Continued from Page 1

ity to both communities in the

north, which would necessarily in-

The most thorny area still to be

resolved centres, inevitably, on se-

curity and justice, where the follow-

ing measures are still being nego-tiated:

■ Linkage between the judicial sys-

tems of north and south in which a

southern judge would sit with two

northern judges in the north, or a northern judge with two southern

judges in the south, in terrorist tri-

Reform of the Ulster Defence

Regiment, including more training,

phasing out of part-timers and

more stringent vetting of recruits.

Harmonisation of methods of po-

World Weather

volve powersharing.

Although the fact that a confer-

EEC Foreign Ministers must today ed, the agenda and any consensus

try to patch up the rift in the Com-munity which opened at last still in dispute.

Both Denmark and Greece re-

ain. Denmark and Greece were out- main strongly opposed to any

voted by the other seven members amendments to the Treaty of Rome,

on the question of holding a full-scale conference to amend the Trea-ty of Rome. the founding document of the Com-munity, which puts the unanimous agreement that will be required in

Community, on limiting the powers ter, has refused to rule out any treaof national veto, and on extending the role of the European Parliaclear that she doubts whether any

ence is expected to open in mid-riers to a genuine common market

started 1985 with a heavy concen-tration of short-term borrowing in \$4.5hn - but given the favourable its international debt profile. Of rates now available it makes sense

\$8.48bn owed to Western banks at to improve the maturity structure

to agreement on Ulster

based on the principle of acceptabil- forms in the northern police author-

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

mobilised for war. The road south of Amara passes close to the Iraq-Iran border and hundreds of antiaircraft and anti-tank gun emplacements are perched on earth

In a costly offensive through the Hawizah Marshes north of Basra in March, Iran sought to outlank the formidable Iraqi defensive wall. They succeeded briefly in cutting the vital road link with Baghdad, near the confluence of the Tigris and Euphrates rivers, but were soon pushed back to the border.

Since then, substantial improvements have been made to the Iraqi defences with the building of a 15 mile earth wall stretching between Amara and Basra, topped with numerous gun emplacements and tank ramps. Some of the marshes have also been flooded to make the scrubland more difficult for Iranian armour to penetrate.

rift on EEC treaty amendments

September in grave doubt.

On the other hand, Mrs Margaret

Thatcher, the British Prime Minis-

clear conclusion can be reached.

The widest agreement on the need for a treaty change concerns Article 100, which lays down that

any decision on removing legal bar-

E. German borrowing soars this year

Mr Vanous stresses that this does

not imply any suggestion of forced rescheduling - East Germany's re-

serves with Western banks at the

Improvements in policing meth-

ods, particularly in areas heavily

The British Government believes

these are all long term issues which

should be resolved gradually by ne-gotiation and should not form part of an agreement with the Irish Gov-

ernment. Dublin is pressing for rad-

ical – and visible – changes which it wants included in the agreement. Underwriting the whole package

is a pledge from President Reagan

to set up a fund - the figure of \$500m has been suggested - for aid

to both parts of Ireland, together

with substantial incentives for U.S.

companies investing in the Republic or in Ulster. Substantial aid is

dominated by one or other commu-

They are replacing short-term debt risky while the short-term debt

Basra. Keeping the city alive as it suffers frequent random shelling has taken on the highest political significance, and a constant stream of supply trucks makes the journey from Baghdad in an effort to maintain as normal a life as possible.

The authorities tactic is to persuade the population that the war

of attrition with Iran – with them in the front line - is wholly worth-The role of civilians as war heroes is emphasised and casualties are referred to always as martyrs. In the Museum of the Martyrs of Persian Aggressive Shelling in the city centre, personal effects and

ing are displayed. The tactic has succeeded remarkably well. Prestige hotels such as the Basra Sheraton remain open

states agree that many more deci-

sions on such questions could be taken by qualified majority voting.

Where they affect direct taxation

measures, however, few countries would want to change the unanim-

The Foreign Ministers will also

be asked to agree on immediate

changes in their procedures as pro-

posed by Britain to speed up deci-

sion making without formal treaty

amendment. These were dropped at

the Milan summit after the row

over the decision to call a confer-

The moves include a political

agreement to enforce more majori-

ty voting and to use abstention

Editorial comment, Page 12

The BIS published the figures for

East Germany as part of its regular

six-monthly review of the maturity

distribution of international bank

lending. The figures also show a

predictable fall in undisbursed cred

it commitments by banks to non-oil

exporting developing countries. These dropped by \$6bn to \$35.4bn in

the second half of last year which

defence policy

Continued from Page 1

the French Government to strengthen its defence ties with

West Germany is the hope of shar-ing the increasingly heavy burden of equipment costs – from a mili-

tary observation satellite to the pro-

posed European fighter aircraft

with the West Germans. France's

partners in the European fighter

project are particularly nervous

political blandishments to woo

French concept of the plan, which his defence ministry has rejected.

President Mitterrand also has im-

where unanimity is required.

photographs of many of the 600 who have died in the five years of shell-

Fawzi Rashid Abdullah, the ci-vilian governor of Basra, claims that no schools, hospitals, factories or government buildings have closed because of the bombard-ments, which on occasion have exceeded 800 shells a day.

Officially about 1m people still live in Basra and the authorities insist that no one has fled. The name of the game is to maintain morale as in the London blitz. Yet empty houses can be seen everywhere, many with shell or shrapnel damage, and there is no prospect of a normal commercial life until the war is over.
At present the stalemate seems

to be more entrenched than ever. Iran appears to retain the will to continue the religious and political war but lacks the capacity to achieve victory. Iraq has no broadly defined objective other than peace but is unable to use its military ad despite a low occupancy rate and a but is unable to use its military ad bar sandbagged inside and out. vantage to force the Ayatollal Khomeini to the negotiating table.

# Foreign ministers face renewed UK presses **Brussels** to relax curbs on business

By John Lloyd, Industrial Editor, in Brussels

THE BRITISH Government is pressing its European partners to agree to sweeping changes to Euro-pean Commission legislation, both present and proposed, to reduce burdens on business."

A document now before the heads of the main EEC directorates from the UK representation to the Community seeks to build on "a new impulse in member states to reduce burdens imposed by domes-tic legislation" by modifying or en-tirely dropping rules and directives in the areas of health and safety, employment, consumer and envir nmental protection and transport.

It follows a plea for deregulation in the EEC made by Mrs Margaret Thatcher, the UK Prime Minister, at the European Council in March and is designed to influence the Commission's draft on deregulation which will come before the Luxembourg council in December.

It is in line with a white paper (policy document) on deregulation presented last week by Lord Young, Minister without Portfolio, and is primarily aimed at cutting back on the legal requirements on small and medium-sized enterprises, with the object of creating more jobs. It is likely, however, to provoke strong opposition from the European trade

The document lists present and proposed measures which, in the UK Government view, constitute a burden on business. The most important section is that on the proposed legislation, because it is recognised in Brussels that agreement to prune proposed legislation is much more likely than agreement to drop existing rules already adopted as domestic legislation in the member states.

British officials believe that the proposals will attract West German and Dutch support, with other countries presently undecided.

The document proposes to: Improve conditions for part-time workers, and put their pay and benefits on the same basis as full-time workers:

• Entitle men and women to parental leave and leave for family Control the misuse of temporary

labour, extending much the same protection to temporary as to full-

 To ensure equal treatment for that President Mitterrand will find men and women in self employed

Chancellor Kohl into supporting the Inform and consult employees in large companies on major decisions (Vredling directive); and Provide for worker participation

mediate domestic political reasons at board level (Fifth directive). for seeking closer militiary ties with West Germany. His Govern-ment is expected to come under In each case, the document re commends scrapping the proposals largely on the grounds that it inheavy attack from the opposition in creases employers' costs, thus rethe antumn over expenditure cuts ducing competitiveness and poten in the defence budget.

# Italian lira devalued

Continued from Page 1

EMS realignment "allows the Italian economy a margin of space to reabsorb losses of competitiveness ed by mere domestic economic mea-

Dr Tietmayer stressed on Saturday that the new economic mea-sures, which could well be diluted in parliamentary debate, are to be "closely observed by Italy's EMS partners. They aim to raise extra revenue of L5,400bn through measures which in many cases reflect simply a speeding up of social se-curity contributions by employers, or of advance payments by citizens aiready taking advantage of an am-

nesty on illegal construction. There are also L866bn of spending cuts.

Friday's turmoil in the foreign exchange markets has caused immense embarrassment in Rome, and Prime Minister Craxi has called for a full investigation of apparently botched lines of commun cation between the Bank of Italy and ENI, the state energy group.

The currency crisis was seeming-ly precipitated by ENI acquiring \$125m on the Milan market This put immense pressure on the lira without, according to Sig Goria, ENI having any urgent need for the THE LEX COLUMN

# Creepers on the Chinese Wall

The most feared individual in the or the personnel manager but the compliance officer. A familiar figure on Wall Street, this pillar of rectitude will be expected to ensure that conflicts of interest within diversified financial groups are not exploited to the detriment of clients, or anyone else for that matter. At the moment, it is not much of a job. The City of London and its watchdogs are still undecided about the rules with which the compliance officer will make everyone

There is sharp division not only about where the balance should be struck between self-policing and external regulation but also about the approach that should be taken towards the creation of a rulebook. Those who believe that hard and fast rules are impossible to apply in a rapidly evolving market are neatly matched by those who argue that t is in a rapidly evolving market

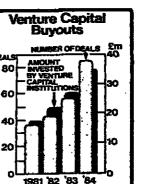
that you most need the rules.

The City will presumably chart a dealings ban may be the only its usual middle way between these two positions. Since existing con-flicts of interest will be greatly augmented by the creation of a princi-pal's function in most large firms, new rules will need to be drafted and enforced. But, those firms argue, undue emphasis on the internal separation of capacity would negate the whole purpose of financial mergers and be unworkable to boot.

The defence of the broad status quo rests on the legitimate pre-sumption that the breach of Chinese Walls would, once discovered. be damaging to client confidence and so against the firm's commercial self-interest. This may be true in some areas. If a research department is perceived to be a servant of a corporate finance department, the research product will rapidly lose its credibility.

Some obvious safeguards can, and almost certainly will, be introduced. A research document should disclose whether the firm has acted in an advisory capacity to the com-pany and whether it has made a market in the company's securities. In that instance, the rough size of the firm's current position should be disclosed. But, for the most part, the strength of the wall between in-

In other areas, the threat of a loss erful but insufficient deterrent, ever, it may be commercial rather and are attracted by dependently of corporate finance pendent hands.



departments in the same firm. The stock exchange would evidently monitor the positions of a marketmonitor the positions of a marketmaker in cases where conflicts of it may be some time before Electra
interest arise, but it could never
guarantee that a market-maker's
book was not shaped to suit the rething remotely the size of GMO of the lated corporate finance department during take-over. However awk- use in UK buyouts certainly raises ward it may be for the market-mak- the stakes. er to stop trading during a takeover,

Fund management presents the future be executed without tedious tricklest problem of all. The potenconsortium building - can itself be tial conflicts of interest are so nuexpected to stimulate the demand lowed to continue dealing in securiin which their corporate finance de- The role of white knight is one that partments are involved.

But, even if that concession is profitably cultivate. granted, fund managers will need plain about sharp practice for no range of UK buyout financing. other reason than that the stock price has fallen,

Dealers may come, and go, at ever increasing transfer fees. But however fragile the goodwill upon which the large triple-capacity firms may have been founded, it would be foolish to suppose that they will fall apart under the strain commercial or moral. The threeway conflict of principle has been resolved, after a fashion, in other markets. It has been achieved through disclosure, visibility and that quaint old City virtue, probity.

## Buyout plan

If the plans of Electra and Cand-over have anything to do with it, leveraged buyouts in the UK are but the scheme to raise £300m for

Of course, the mere existence of a large stand-by facility - which should mean that large deals can in future be executed without tedious merous and so glaring that associa- side of the market. As the recent tion with a larger group may dam- Haden deal demonstrated, a buyout age the fund manager's credibility can be the best of takeover de-even if every rule is strictly adhered fences, if there is time to arrange it. to. The big firms are arguing When Haden's management was strongly that their investment man-trying to avoid being absorbed by agement divisions should be al-Trafalgar House, institutional backing for a buyout was an attractive ties which are subject to a takeover substitute for an alternative bidder. Electra Candover thinks it might

In a more relaxed tempo, the to report all their dealings in the move towards corporate steamlin-relevant securities. And the fact ing in really large groups can make that they are dealing at all may even businesses of some size aparouse suspicion. Similarly, a pear peripheral BAT's packaging discretionary client landed with subsidiary, Mardon, is just the sort shares provided either by the mar-ket-maker or the new issue depart-gently up for sale - that this scheme ment of the same firm may com- could for the first time bring within

structured should make it accessi-So long as Chinese Walls are not ble to institutions that need to hold breached, association with a divertheir investments directly. The idea sified firm may not add much value is that Electra Candover will be givto a fund management business. en discretion to make investments. And respect for those walls could and call down funds (pro rata to the the strength of the wall between investment research and corporate fi-nance can be left to the market to decided, for the participants of the participants of the participants but that the subscribers will have full control of their investagement should be permitted to rements once made. Given that there main under the umbrella of the is a fair amount of interest from of client confidence may be a pow- multi-service firm. In the end, how- U.S. investors, who know the form Market-makers, for example, sim-ply cannot be relied upon to act in-could drive the business into inde-tracting funds should be no problem. First time round, anyhow.

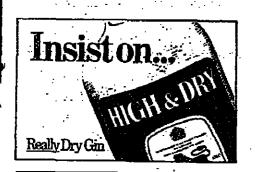
### BOWATER INCORPORATED the end of last year, no less than of its foreign debt. "reflects banks' reluctance to lend \$3.76 or 44 per cent was due within This is all the more the case in to many countries in this group, that many bankers believe East the BIS said. Although they receive very little Germany is poised to begin sub-direct information on the purpose stantial imports of plant and tech-There was also a \$4bn decline to Half year profits up \$29.4hn in unused commitments to behind East German borrowing, nology from the West under its five smaller developed countries Western bankers now believe that Euromarkets, Page 15 one reason could be the need for would necessitate a rundown of redespite slowed demand **UK** and Ireland close Franco-German

	6 Months to 29 June '85	6 Months to 30 June '84 †
SALES	US\$447.0m	US\$442.9m
INCOME BEFORE TAX from continuing operations	U\$\$52.3m	US\$47.1m
NET INCOME	U\$\$30.3m	US\$24.7m
EARNINGS PER SHARE	U\$\$1.00*	US\$0.95

- ★ Earnings for six months were up 23% despite second quarter softness.
- ★ Pulp remains depressed.
- ★ Income from newsprint and coated paper continued to improve.
- ★ New coated paper capacity ahead of schedule.

Bowater Incorporated of Darien, Connecticut is the largest producer of newsprint in the USA, and a major manufacturer of coated publication paper, bleached kraft market pulp and continuous business forms.





# SECTION II – COMPANIES AND MARKETS **FINANCIAL TIMES**

Monday July 22 1985

Surveyors Valuers **Estate Agents** 

Fletcher King

# France spells out renegotiation terms for \$4bn credit

margins is demonstrated by another of last week's new credits, a

\$200m, eight-year deal for the So-

viet Union. It bears a margin of 4

per cent throughout - the finest

terms yet accorded to a Comecon

Moreover, the deal is believed to

be the first for several years to in-

clude a U.S. lead manager, in the form of First Chicago, which is to be

agent. Other lead managers are Ar-ab Bank, Banque Indosuez, Dresd-

ner, Fuji, Industrial Bank of Japan

(Germany), Kansallis-Osake-Pank-

Elsewhere, the flow of Euronote

facilities from UK borrowers con-

tinues with a \$150m, eight-year deal

for United Biscuits led by Morgan

Grenfell. The facility incorporates

an option for the borrower to ar-

tender panel as well as drawings in

the form of dollar Euronotes, short-

term multicurrency advances and

annual fee of % per cent for the first

four years rising to 15 basis points thereafter. Drawings on the asso-ciated revolving credit will bear in-

terest at a margin of % per cent for

Land Rover-Leyland's sterling ac

a \$150m, five-year note issuance fa-

maximum margin to be split equal-

cility through BT Asia.

four years rising to % per cent.

ki and Sanwa International.

BY PETER MONTAGNON IN LONDON

FRANCE has finally taken the been lifted. Many bankers also beplunge and announced terms under lieve that Japanese hanks are now which it is to renegotiate the \$4bn saturated with floating rate notes credit raised in 1983 at the height of and Euronote facilities and looking for more credit business. Also the growing resignation of the banking industry to low credit

pressure on the franc. On Friday Société Générale, the original agent, was mandated for the renegotiation, which involves both a reduction in margins and fees, although the original maturity of 1992 has been retained. The move has been expected for some time, although it was held up while France arranged a similar refinanc-ing of borrowing arranged through the EEC at the same time.

Under the new deal, France is to repay \$400m ahead of schedule. leaving a term loan of \$1:26bn and a standby credit of \$2.34bn still in place. Both those loans currently have a margin of % per cent over Eurocurrency rates, but in the case of the standby it is to be reduced to % per cent and of the term loan to % per cent for four years falling to % per cent thereafter.

The commitment fee on the standby credit is to be cut from 4 point to 1/16 for the next four years range interest-rate swaps through a and to 10 basis points thereafter. There is to be a renegotiation fee of 10 basis points.

Bankers say that those terms are sterling acceptances. It carries an very fine, but in the light of current market conditions seem pitched about right. Smaller deals for Danish and Italian borrowers have come to the market on similar terms recently, indicating a willingness of banks to do business at such

Moreover a fall-back exists for France if some banks already in the deal do drop out. That might happen, for example, if Middle East banks which have trouble funding very low margin credits decide not to accept the new terms. In that circumstance, France could always increase the Japanese share of the ing for the difference betwee deal, which is currently 33 per cent.

This year, restrictions on the share Japanese banks may take of ly between the borrower and underany single syndicated loan have

INTERNATIONAL BONDS

# Texaco cashes in on the slide

BY MAGGIE URRY IN LONDON

LAST WEEK demonstrated, if anyone needed reminding, that money can be lost with amazing rapidity in the Eurobond market. Between Wednesday and Friday a group of eleven new issue houses, led by Credit Suisse First Boston had lost - on paper - \$9m. Sadly, making money usually takes a little longer. Texaco, the U.S. oil major, is the lucky borrower which effectively sue slumped. By Friday it was bid gets the benefit of these losses, by at a five point discount, to its 98% is-

Back in April, Texaco joined in a Treasury market, buy Treasuries, rush of bond issues which followed not a mis-priced Eurobond issue. a sharp downward revision of the U.S. first-quarter gross national product figure. That revision set the market racing and Texaco was able to get tight terms on a deal led by Union Bank of Switzerland (Securities).

GNP figure was to be revised on Thursday and analysts expected another downward move. This time Texaco came to the market ahead of the figure's release and chose its more traditional bank CSFB to lead the deal. The terms were again aggressive, but if the market had roared ahead the issue would have succeeded. And CSFB could have

re-established the relation without losing money.

But everything went wrong. The figures leaked out early and then Mr Paul Volcker, chairman of the U.S. Federal Reserve, upset the bond markets with a strong hint that U.S. interest rates will not be coming down. The New York bond market fell heavily, and Texaco's is-sue slumped. By Friday it was bid tying up a \$300m bond issue on sue price, and the fees total 2 what now look like ludicrously points.

> "If you want to take a view on the observed one banker last week. If the market goes up the Treasury bonds will perform better than the Eurobond. If the market falls the Eurobond will fall further.

> Another was more sympathetic: "We're in a risk business, They made a judgment, they got it The lesson was not to be learned

> quickly enough, however, for another deal last week, launched on Thursday morning for Trafalgar House. This too was caught in the market's slide and finished on Friday trading at a 4 points discount to its per issue price. With the Eurodollar market in

**HARKET TURNOVE** Secondary Market U.S.\$ 20,634.6 1,149,4 11,409.5 1,498.1 Total 12,809,6 13,905,6 4,252,4 3,984,5 29,581.9 31,409.8 4,144.7 3,076.7

Source. AIBD such a nervous mood, few syndicate

managers were looking forward to launching more issues this week. The floating rate note market was also twitchy last week. One syndicate manager joked: "You could bring the Bank of England at a % per cent over Libor (London in-

sure it would go." ropean continental banks to retail previously executive directors.

erbank offered rate) and I'm not

investors are getting clogged. Only the right name and the right cou-pon will sell now.

General Motors Acceptance Corp's issue, for instance, with a generous 12% per cent coupon, was trading close to its 100% issue price by the weekend. And the Ford is-sue, launched on Friday, made a respectable start.

Buyers for the Euroyen zero coupon issues - the latest novelty to come from the liberalisation of the market - seem even harder to find. Syndicate managers were afraid that their best hope was to hold the paper for six months until it can be sold back into Japan.

Both the D-Mark and the European currency unit bond markets have continued to improve as attention switches away from the dollar sector. The Swiss franc foreign bond market has been quieter, though on Friday SBC's pricing of the EIB issue at par rather than a discount shows that some bankers believe the market should rally.

Once again the Australian and Deutsche Bank has appointed New Zealand currencies were alive two new managing directors of with the new bond issues last week. Deutsche Bank Capital Markets in The market is beginning to look the wake of Mr Karl Miesel's resigoverloaded with paper and the dis- nation. The two - Dr Rolf Levedag tribution channels through the Eu- and Mr Stanley Ross - were both

# Southern Life makes record issue on Johannesburg SE

BY JIM JONES IN JOHANNESBURG

THE Southern Life Association, ther 30 per cent is expected to be its shares to the public for R162m present interest. (\$85.6m) in the biggest initial public offering in the history of the Johan-nesburg Stock Exchange.

The offering represents one of the final stages in the polarisation fifths of the country's non-agricultuof ownership of the country's pri-ral private sector. They compete in-tensely to acquire assets and, with

Southern is offering 38m shares to the public at R4.25 each. Of these particular emphasis on generating shares, 26m will be preferentially strong life premium income cash allocated to policyholders, employees, agents and the pension fund of acquire further assets. Barclays National Bank, one of Southern's premium income rose Southern's major shareholders.

Southern was a mutual life office the life assurance arm of Anglo American Corporation (AAC) from R3.47bn. which, in turn, is South Africa's Southern's which was sufficiently large to com- of income. pete effectively with Old Mutual

South Africa's fourth largest life as- held by Barclays National Bank, surer, will today offer 23 per cent of which paid R135m last year for its Five major groups, AAC, Old Mu-tual, Sanlam, Liberty Life and Rem-

brandt, dominate the South African my and control about four the exception of Rembrandt, place flows, which can be deployed to

existing by 6.8 per cent to R563m in the financial year ended March 31, 1985 from R528m in the previous year. until April 1984 when it merged Investment income rose by 37.7 per with Anglo American Life (Amlife), cent to R362m from R263m and total net assets increased to R4.21bn

Southern's directors say that atlargest mining, industrial and fi-tributable earnings are expected to nancial conglomerate. Apart from rise by 20 per cent to 29.2 cents a some rationalisation benefits, the share during the current year and merger was widely seen as neces- that the company's policy is to pay sary to create an assurance group dividends equivalent to two thirds

Southern says that this implies and Sanlam, the first and second total dividend of 19.5 cents a share largest life offices. Following the in the current year and point out present share issue, AAC will be that at the 425 cents issue price Southern's largest shareholder, Southern's shares yield a prospecwith 40 per cent of the equity. A furtive 4.8 per cent.

# **National Intergroup** cuts loss in quarter

BY CHRIS CAMERON-JONES IN NEW YORK NATIONAL Intergroup, the U.S. side and narrower losses on its 50

ceptance facility has been increased by £50m to £150m, while in the Far loss compared with the first three Japan.

For the six months National In-East Korea Exim Bank is arranging pany, where diversification away tergroup's loss reached \$30.19m or It carries a ¼ per cent fee and a ¼ from steel has attracted corporate \$1.87 a share, compared with a per cent maximum margin. Particioredators, was \$12.3m or 80 cents a \$10.07m or 11 cents profit last time. pants will obtain an extra yield through an unusual feature provid-\$8.36m or 22 cents a year earlier. selling yield on the notes and the

steel and financial services concern, per cent share of National Steel, turned in a reduced second-quarter now half held by Nippon Kokan of

share, against \$17.9m, in the Mr Howard Love, chairman and opening quarter and a profit of chief executive, said that the steel 8.36m or 22 cents a year earlier. company showed an operating prof-it in June and the National Aluminiing three months was due to record um offshoot is expected to be profitearnings by the financial services able in the second half.

# **Pressures on margins** curb Lockheed growth

LOCKHEED, the California-based Sales in the latest quarter defence contractor, reported net reached \$2.21bn, up from \$1.93bn, profits 11.5 per cent ahead in the econd quarter and expects fullyear sales and earnings to continue to show good gains over 1984's re-cord results. However, pressure on under pressure because of inmargins restrained the rate of earn- creased research and development ings growth.

Net earnings for the quarter were up at \$87m or \$1.32 per share, from \$78m or \$1.21 per share, taking the half-time total to \$171m, or \$2.59,

lifting the first half turnover to \$4.35bn, from \$3.52bn last time. Mr Roy Anderson, chairman and spending and low margins on some

The funded order backlog at June 30 stood at \$8.3bn compared with \$9.4bn six months earlier.

foreign service contracts and U.S.

## **UPI** move on union contract

benefit cuts to help it find a buyer. \$1.5m to profits.

UPL which has been operating

the Wire Service Guild. The news agency said it expected buyer.

UNITED Press International, the revenues of between \$93m and struggling U.S. newsagency, has \$95m this year, and without union filed an application in bankruptcy concessions it would make a profit court to terminate its union con- of between \$500,000 and \$1.8m. The tract, saying it must get wage and concessions would add a further

After the union talks broke down under Chapter 11 of the U.S. Bank- on Wednesday, Mr William Morrisruptcy Code since April, took the is- sey, president of the guild, said he sue to court after failing to win the believed it was premature for the concessions in negotiations with news agency to abrogate the contract before it found an acceptable

registered under the United States Securities Act of 1933 and may not, as part of the distribution, be offered, sold or delivered, directly or indirectly, in the United States or to United States persons.

New Issue / July, 1985

U.S. \$250,000,000



# **Atlantic Richfield Company**

101/4% Notes Due July 2, 2000

Salomon Brothers International Limited

**Credit Suisse First Boston Limited** 

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**Deutsche Bank Aktiengesellschaft** 

Dresdner Bank Aktiengesellschaft

Goldman Sachs International Corp.

Merrill Lynch Capital Markets

Morgan Grenfell & Co. Limited

Morgan Stanley International

Shearson Lehman Brothers International

Swiss Bank Corporation International Limited

This announcement appears as a matter of record only.



Canadian \$75,000,000

# **Shell Canada Limited**

11¼% Debentures due July 15, 1992

Issue Price 100.25%

Wood Gundy Inc.

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U.S. MONEY AND CREDIT

# Bears hold centre stage as Fed's intentions are re-assessed

U.S. BOND prices rode the rollercoaster of expectations last week and ended up on the down side as the implications. of Fed chairman Mr Paul Volcker's Congressional statement sank home. Mr Volcker's two days of

Humphrey-Hawkins testimony threw the financial markets into turmoil. With the credit markets hanging on his every word bond prices swung wildly. The action began on Tuesday with short-term rates tumbling and the long bond gaining more than a point, partly in response to the pre-release of the Fed's half-yearly report to Congress. Among other things the report disclosed that the Fed had decided, as expected, to re-base M1, effectively sweeping excessive montary growth to date "under the carpet" and to widen the M1 target range for

	Last 1 week			12-m	
	Friday	ago	ago	High	Low
Fed Funds (weekly average)	7.89	7.85	7.10	11.77	7.10
Three-month Treasury bills	7.16	7.10	7.04	10.77	6.67
Sbr-month Treesury bills	7.27	7.18	7.22	10.83	6.81
Three-month prime CDs	7.75	7.65	7.60	11.68	7.33
30-day Commercial Paper	7.63	7.50	7.25	77.38	6.95
90-day Commercial Paper	7.63	7.45	7.30	71.25	7.00
IIS ROND PRICES	AND	YIFI DS	(%)		
U.S. BOND PRICES			(%)	4	
U.S. BOND PRICES	Lest	YIELDS Change on week	(%)	1 week	4 wks
	Lest Friday 101	Change			
Seven-year Treasury	Lest Friday 101 100%	Change on week	Yleid	260	ego
Seven-year Treasury	Lest Friday 101 100% 1064	Change on week	Yield 10.16	ago 10.15	ego (new)
Seven-year Treasury	Lest Friday 101 100%	Change on week	Yield 10.16 10.71	10.15 10.61	ego (new)
Seven-year Treasury	Lest Friday 101 100% 1064	Change on week	Yield 10.16 10.71 10.50	10.15 10.61 10.44	(new) (new) 10.57

M1, effectively sweeping excessive montary growth to date "under the carpet" and to widen the M1 target range for the rest of the year.

The Fed will now aim for M1 growth of between 3 and 8 per cent in the second half, starting with the second-quarter average as a base. The new target replaces the previous goal of 4 to 7 per cent M1 growth from the 1984 fourth quarter.

The markets initially read the change as a bullish signal, leaving room for further easing. The rally continued through garrent was released showing a weaker than expected 1.7 per cent flash estimate.

By Thursday, however, the bulls were in full retreat again as bond prices plunged by over two full points—more than wiping out earlier gains. Adding to the market gloom was the dollar's slide—raising fears of dollar's slide—raising fears of a foreign investor sell-off of dollar-denominated securities, an apparent break-down in Congressional budget-cutting talks, and evidence of a slightly less accommodative Fed stance in its open market operations.

The Fed's generally accommodative stance was underlined by the Mi re-basing but, as an apparent break-down in Congressional budget-cutting talks, and evidence of a slightly less accommodative Fed stance in its open market operations. But the underlying negative tone of the markets reflected a re-assessment of Mr Volcker's testimony and the Fed's inten-

While deep divisions exist among senior Wall Street economists in their interpretation of the Fed chairman's comments, a consensus emerged that his basic message was that the monetary authorities are seeking to discourage, at least for the time being, any further declines in short-term rates. Mr Volcker made it clear that the Fed already considers that it has laid the foundations for an economic rebound in the

is an adjustment to the very unusual relationship between money and the economy earlier

"Indeed, the Committee is sensitive to the risk that the now clearly on Congress to get very recent spurt in M1 may the Federal budget deficit down.

second half, as Dr Henry Kaufman of Salomon Brothers notes. Fed chairman made it clear the Fed now appears much less willing than previously to resist day-to-day upward pressures on the Fed funds rate.

The Fed's generally accommendation to the fact that M1 is about \$75n above the moduling stems are and evidence and of the many target. upper end of the new target range."

Economists also noted that the Fed's aggressive easing earlier this year was also intenearlier this year was also intended in part at curbing the dollar. Now that the U.S. currency has declined by about 10 per cent from its first-quarter level, such a need is less pressing. Indeed Mr Volcker warned that the onus is never learly on Congress to get

are other immediate negatives including a flood of upcoming new supply. On Wednesday the Treasury will auction \$9.25bn of two-year notes to be followed by details of the upconnect \$21bn quarterly refunding next

Against this there are some senior ecoonmists like Mr Philip Braverman of Briggs Schaedle who believe that the market sell-off is both overdone and will shortly be reversed. For the moment, however, the bears appear to hold the centre stage in a confused market.

By the close on Friday, government bond prices were

points and the Tressity long bond yields, at 10.5 per cent, is pack near the levels of late June.

In the corporate markets bond prices also sagged while nond prices also sagged while new issue rates ruse by between five and 25 basis points. Cor-porate new issue volume has settled down from the frenetic settled down from the irrestic pace of the first six months of the year when an average of \$6.2bn in new paper was brought to market each month. According to Salomon Brothers estimates, new issue volume in July is likely to be close in at around \$5.1bn.

Paul Taylor

7481, 942, 7001, 851, 7071, 79 1005, 1311, 1051, 71

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GUILDER STRAIGHTS

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Ambx 12% S1 | ... | 50 |
Aust Resources 11% S2 | 50 |
Bunk of Tokyo 10% 82 | 76 |
Br Col Munic 12% 81 | 100 |
Br Col Tale 12% 88 | 70 |
Br Col Tale 12% 88 | 70 |
Denmark 11% 91 | 100 |
Farm Cred Carp 12% 90 | 75 |
Kredietbenk 12 92 | ... | 75 |
Montreal City 12% 91 | 50 |
New Brunswick 12 98 | 75 |

## FT INTERNATIONAL BOND SERVICE

Setback for attack on 10% yields

CAN THE UK gilt-edged market break through the significant 10 per cent yield barrier?

At the start of last week the rate cut soon, if not within days. On Monday the Government was advancing strongly towards the target, which has proved unbreachable in recent years. By Wednesday night yields on high-coupon long-dated stocks had fallen to 10.16

Three taplets, each of £200m, were issued to replace the tap and started trading on Friday close. But by the weekend a retreat had been called, although prices were still the market down again. Interest per cent. although prices were still ahead on the week. The ques-tion is whether the setback heralds a re-grouping or if the final attack has been delayed the autumn at the

Behind the market's rise has been first the strength of the pound against the U.S. currency, which allowed the half point cut in clearing banks base rates to 12 per cent last Monday, and secondly heavy buying by overseas investors. The two factors are connected as currency gains are the greatest incentive to foreign

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reaching \$1.42 mid-week and £2bn in the first half according ment Broker sold out his conventional tap—Treasury 10 per cent 2004—nicely in time for the end of the July banking

rates there are now not expected to fall for a while and the pound slipped once more. That has dampened gilt market hopes of a further cut in base rates.

Although one of the taplets— Exchequer 11 per cent 1989— was sold out on Friday morning, rumour has it that a UK bank said yes to the whole lot and the market hardly saw it. The below the level at which the Bank of England had bought them from the Treasury.

Overseas buying-which has

end of the week.

Without the pound and the foreigners pushing the market higher, a period of consolidation looks the best that can be hoped for over the next few weeks.

Certainly domestic buyers have not been keen to put cash into the market. It is not for the lack of funds—gilt dividends are at a seasonal peak in July, and there have been two large stocks 10 per cent yields are a strong psychological barrier. Figures released on Thursday

showing that net gilt sales to the UK non-bank private sector the buyers that matter in the Sterling M3 calculations had been nil in banking June are probably not as significant as some observers first thought. The heavy redemptions would account for the zero net figure and it is further evidence of large overseas buying. It may even suggest that the

authorities are relaxed about funding, and certainly the old desire to overfund to try to urchasers.

been running at extraordinarily reduce Sterling M3 seems to
Sterling kept on upwards high levels this year, reaching have gone.

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Sterling's next wobble could to one estimate-dried up at the be caused by a return of the old worry — oil prices. The Organisation of Petroleum Exporting Countries starts another meeting today. While the gilt and foreign exchange markets seem to have shrugged off oil of late, there is always the chance that it can suddenly become a factor once more if OPEC decides on price cutting

or the meeting ends in disarray. The index-linked sector has come to life again, as more and more brokers are recommend-ing switches from conventional stocks. Index-linked look cheap in terms of the historic relationship between the two. The Government Broker sold his Treasury 21 per cent 2001 stock last week — it had been sitting around since mid-May — and he supplied some Treasury 2½ per

The market is still thin, and some brokers detect a desire at the Bank of England to expand the sector greatly in coming tive for dealers in the post-big bang gilt market to make continuous prices in them.

Maggy Urry

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Bk Nova Scotia 134 87
Bank of Tokyo 124 92
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Bank of Tokyo 127 83
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Benk of Tokyo 137 83
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May, 1985

**CORPORATE FINANCE** 

# Euronote bankers clash over distribution

ingly turning their attention to the trickier question of actually placing the Euronote paper with

This shift of emphasis has come with the growing realisation that the placement of paper has grown exponentially in line exactly the best aspirations of with the rapid rise in the number of facilities arranged. Market estimates suggest that about \$10bp in Euronotes are now actually outstanding. The low rates struck in recent auctions by companies such as competitors when he hit out to supply paper to the market Unilever, which achieved an against the tender panel system on demand. average of 131 basis points below the key Libid rate on a of 13‡ basis points at a recent Euromoney seminar.
e key Libid rate on a Mr Colebatch belongs to the

a time when the secondary market is still in the very early market is still in the very early mercial banks on some tender whole teams of dealers can stages of groping its way to-

in arranging underwriting sale and distribution of paper facilities for their borrower to end-investors. Parademical customers, banks in the First customers, banks in the Euro-note market are now increas- by a designated group of banks combine to bid for the paper at auction has turned out to have a number of practical drawbacks.

> perfect market, matching exactly the best aspirations of both lender and borrower. In practice a fierce controversy rages about its role. Mr Philip Colebatch an Executive Director of Credit Suisse First Boston, irritated many of his

sale of \$100m in three-month
paper, have fuelled expectations that more and more
companies will want to put
their toes in the water.

This has all happened at

system itself impedes a free flow of paper to the market because auctions only take place periodically, after long notice participants unable to fulfil their customers' needs because of "rogue" bidding by competitors.

Worse still, the notice period required to set up an auction may cause some borrowers to miss a window of opportunity in the market-place. As a result, they risk ending up paying more for their money. What this camp would prefer is a limited system of designated dealerships able

But this is where the commercial banking camp gets really to bid if Sweden seeks drawwhich may deal in unusual maturities. Refinements such as these

are likely to continue as the market experiments with dis-tribution. In the event it may turn out that no one system dominates. Some bankers believe that the tender panel system is best suited to highvolume, top-quality issuers such as Sweden, while dealerships are more appropriate for lesser credits whose paper sales need to be more carefully controlled. For all its imperfections the tender panel system still has two main things going for it. Banks like it because it adds to their incentive to join a deal. Moreover, bankers point out that the market no longer offers a simple choice between ten-der panels and dealerships. Borrowers like it, too, After all, a bad auction result can be blamed on the market. Poor dealer is harder to explain. It may mean the wrong dealer was chosen in the first place refinancing for the Kingdom arranged by Chase Manhattan, incorporated two classes of

Peter Montagnon

and that has to be the bor-

## Multimedia to buy back stake from bid predator

about \$1.2bn.

MULTIMEDIA, the U.S. TV control of Multimedia. Mr station, cable television, and Cooke, who owns the Washing-newspaper group, has agreed to redskins American football buy back the 1.63m shares, or team, 9.75 per cent stake acquired by hostile Mr Jack Kent Cooke, a U.S. entrepreneur, as part of his bid to win control of the group.

The company said it will pay \$70 a share, or a total of 6.73m shares, or an additional \$113.86m for Mr Cooke's stake 40.3 per cent of Multimedia. last representing a \$6.75-a-share premium over Multimedia's based group had twice rejected Thursday closing share price. previous offers. Last weekend The share price sank after the "greenmail" agreement was announced, dropping \$41 on Friday to close at \$58].

Under the terms of the deal Mr Cooke, who will also be re-imbursed for "certain expenses," attempts.

The deal will form part of a previously proposed \$890m re-capitalisation plan under which Multimedia would be taken into private ownership by an investnent group including senior managers and the company's founding families, who together own about 40 per cent of the group's outstanding shares.

to a long-running battle for sales of \$304.4m.

## Cominco falls to C\$6.6m first-half loss

By Bernard Simon in Toronto

COMINCO, the diversified Canadian zinc and fertiliser team, had steadily raised his hostile bid for a controlling producer, suffered a C\$6.6n (US\$4.9m) loss before extra-ordinary items, equal to 21 cents per share, in the six months to June 30, compared stake in the group to \$70.01 a valuing the company at Mr Cooke raised his bid for to a profit of C\$20.1m or 21 cents a share, a year earlier. After including extraordinary gains, earnings dropped from C\$25.3m to C\$2.8m.

Second-quarter income before the U.S. Federal Communica-tions Commission agreed Mr extraordinary items fell from C\$15.6m to C\$3.4m despite a Cooke could use a trustee to hold the group's broadcasting 9.8 per cent increase in sales. The company said higher sales -a key decision which of zinc and lead concentrates were offset by lower metal prices. Cominco recently enabled Mr Cooke to proceed prices. Cominco recently announced a six-month cut in with his takeover attempt. The recapitalisation plan zinc output at its mine near Trail, British Columbia, as part will be put to shareholders shortly and Mr Cooke has of several producers' efforts to agreed to vote his stake with bring supply into line with

Chemical

the majority. The plan must also receive the approval of demand. South Carolina's courts. profits increased during the second quarter, thanks to Mr Wilson Wearn, Multimedia's chairman, said he was "pleased" with the agreement which he said was in the best interest of shareholders.

## **CGE** hopes for Eureka deals with Philips, Inmos

BY DAYID MARSH IN PARIS

pay, says one senior banker.

The fact that tender panels

can work well is shown by the

case of Sweden which has now issued \$2.5bn of short-term

dollar notes under its \$4bn facility arranged last year. At

the first auction the range of

bids received was very wide with the lowest accepted one 35 basis points below Libid and the highest 15.56 points below.

with the latest auction showing

a range of only 2.09 basis points around an average 4.877 below

Both mechanisms were com-bined in the recent facility for

AB Flakt, the Swedish air technology concern, while another Swedish deal, the recent \$1.8bn

tender panel. One of these was

a so-called "specialist" panel

Libid.

conglomerate, is hoping to agree co-operation with Philips of the Netherlands in industrial control systems and with Inmos of Britain in artificial intelli-gence as part of the Eureka CGE said that it was already

ssociated with 10 other European companies in areas which could be supported under Eureka, the high-tech co-opera-tion scheme agreed by 17 European governments last week. It named seven areas where

collaboration is under way. These included artificial intelli-

higher sales volumes. Ammonium phosphate and potash prices declined. Total sales rose from C\$434m C\$813m in the first half.

the make one of the state of th

fertiliser

COMPAGNIE Generale d'Elec- and research laboratories have tricite, the French state-owned already teamed up with Techint engineering and electronics of Italy, Danet of West Germany and Societe Generale de Belgique. Discussions are taking place to include Inmos in the partnership, it said. Other co-operation areas are industrial control systems, robots, flexible automated systems, lasers and telecommunica-

> The CGE statement follows a series of announcements of planned or prospective research agreements linking the other main French electronics groups, Thomson and Matra, with European companies including Sie-mens, GEC, Philips, SGS, Mes-

## Shipping sale by Storebrand

BY FLEMMING DAHL IN OSLO

If approved by shareholders. In the year to December 1984 to C\$477.5m in the second buyers' ability to finance the rigs, bulk ships, and tankers, the deal could signal an end Multimedia earned \$33.7m on quarter, and from C\$802.7m to take-over by September 20.

Poseidon reported a 1984 pre take-over by September 20. Poseidon reported a 19
The group said it was selling tax profit of NKr 17m.

STOREBRAND-NORDEN, the because it wanted to concen-Norwegian insurance group, trate on activities which has agreed to sell its shipping "naturally relate to each investments to a Norwegian other." The shipping investments to a Norwegian other." The shipping investments of investors in a deal ments, gathered in a company worth NKr 110m (\$13m). A called Poseidon, are spread on final deal will depend on the buyers' ability to finance.

### Price Lead Manage ILS. DOLLARS Fuji Heavy Ind. §† Piratii Fia. Services Down Mining 9 3.008 1995 (7-7½) (7) 18¼ 100 160 101.8 Nikiro Secs. (Europe) Benque Paribes 1990 1991 75 9.715 Texace ‡ First Bank Systems (: Trafalgar House ؇ Osaka Gas ‡ 1995 1997 300 100 100 50 10.265 1992 1992 10.750 CANADIAN DOLLARS Bell Canada İ 180 100 100 UBS (Sees) Bitamili Lyuch Deminion Secs. Pitfield 10.915 11.**99**0 ALISTRALIAN DOLLARS GMAC ‡ State Benk of HSW ‡ 12.512 12.539 12.574 1988 1999 Westpac Basking ‡ Den norske Creditisk ‡ 1990 1988 1990 NEW ZEALAND DOLLARS 1989 1989 1981 1990 16% 16% 16% 16% 16.535 16.135 16.250 WicDonald, 2 , . . . . . . . . . . . . . . . HOME KONE DOLLARS C.LT.LC. (b)‡ 308 1990 97/6 22.80 Chase Man, Asia 9,491 Pireti Fin. Services & Credit Strisse Fin. 5.2 BHF-Bank CSFB-Effectenby 100 150 4.000 7.282 SWISS FRANCS SWISS FRANCS Misra Prixting "1 Southwark Corpn. † Kinogawa Robber Ind. ""1 Deirappon Shigye "5† Mispan Matal Ind. ""1 Toutible Tungalay "5 Fix † 5¾ 6¼ 3 1½ 5¾ (1⅓) 5% 5.750 1993 1990 1990 1990 1990 1995 1991 5.250 3.000 1.625 5.721 UBS Credit Suisse 5.625 5.500 59 20 ECUs IBM World Trade ‡ 150 1990 81/4 100 8.250 BMF STERLING 10.855 100 2018 40 2000 100 Pind# UK § GOLF DERS BFCE ‡ 200 1997 71/2 7.500 180 LICXEMBOURG FRANCS 600 1995 180 9.000 13.5bn 30bn Mikko Sees. (Europo Nomore Int. GMAC ± 1990 \* Not yet priced. ‡ Final terms. \*\* Private placement. \$ Convertible. † Finating rate note. ¶ With equity womants. Ø Partly paid. (a) Vs over 3m Libor. (b) unlisted. Note: Yields are calculated on AIBO basis.

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Yamaichi International (Europe) Limited

This announcement appears as a matter of record only New Issue

July, 1985

This announcement appears as a matter of record only

New Issue



# The City of Winnipeg

Canadian \$50,000,000

10%% Debentures due July 16, 1990 Series UZ

Issue Price 100% Wood Gundy Inc.

Algemene Bank Nederland N.V. Bayerische Landesbank Girozentrale

Commerzbank Aktiengesellschaft Samuel Montagu & Co. Limited

The Nikko Securities Co., (Europe) Ltd. Richardson Greenshields of Canada (U.K.) Banque Bruxelles Lambert S.A. CIBC Limited

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Limited Swiss Bank Corporation International Limited

Bank für Gemeinwirtschaft BankAmerica Capital Markets Group Amro International Bank Mees & Hope NV Bank Leu International Ltd. Bank of Montreal Bank Gutzwiller, Kurz, Bungener (Overseas) Banque Générale du Luxembourg S A. Bank J. Vontobel & Co. AG Bankhaus Hermann Lampe Banque de Neuflize, Schlumberger, Mallet Banque Internationale à Luxembourg S.A. Banque Nationale de Paris

H. Albert de Bary & Co. N.V. Banque Paribas Belgique S.A. Banque Worms Baring Brothers & Co.. Burns Fry Ltd. Caisse Centrale des Banques Populaires Berliner Bank Bayerische Hypotheken- und Wechsel-Bank Citicorp Investment Bank Chase Manhattan Capital Markets Group Chemical Bank International Group Crédit du Nord Dai-Ichi Kangyo International Crédit Lyonnais County Bank Limited Crédit Commercial de France Deutsche Girozentrale

Die Erste österreichische Spar-Casse Daiwa Bank (Capital Management) Ltd. First Chicago First Interstate Capital Markets Dominion Securities Pitfield Dresdner Bank Handelsbank N.W. (Overseas) Genossenschaftliche Zentralbank AG Goldman Sachs International Corp. IBJ International Kidder, Peabody International Kleinwort, Benson Hessiche Landesbank Hill Samuel & Co.

Kredietbank International Group LTCB International McLeod Young Weir International Lloyds Bank International Merrill Lynch Capital Markets Midland Doherty Mitsui Finance International Mitsubishi Finance International Nederlandse Credietbank NV Nesbitt Thomson Nomura International Morgan Grenfell & Co. Morgan Stanley International Sal. Oppenheim jr. & Cie. Pierson. Heldring & Pierson N.V. Österreichische Länderbank Norddeutsche Landesbank Schoeller & Co. Rea Brothers Plc Rabobank Nederland PK Christiania Bank (UK) Ltd.

Standard Chartered Merchant Bank Sumitomo Finance International J. Henry Schroder Wagg & Co. Verband Schweizerischer Kantonalbanker Swiss Volksbank Toronto Dominion International Sumitomo Trust International S G. Warburg & Co. Ltd. Westdeutsche Genossenschafts-Zentralbank e.G.

Vereins- und Westbank Westfalenbank Yamaichi International (Europe) Yasuda Trust Europe Westdeutsche Landesbank

# CAP offers 7.5m shares on London stock market

CAP Group, one of the UK's leading independent software houses, is coming to the stock market through the offer for sale of 7.5m shares, or 34.3 per cent of its equity.

Some 5m are new shares being sold to raise £5.1m in fresh funds for the company. and the rest are being sold by shareholders

Merchant bank Morgan Gren-fell is offering the shares at 120p each, or 16.4 times fully diluted earnings for the year to the end of April 1985. The yield, on a forecast dividend for the year to next April, of 1.5p, is 1.78 per cent.

the year to next April, of 1.5p, is 1.78 per cent.

CAP, founded in 1962, ran into trouble in the late 1970s with an ill-fated diversification into micro-computer software which plunged the company into a pre-tax loss of £1.42m in 1980-81. But after a management SL But after a management shake-up, the group has recov-ered rapidly and in the year to April made pre-tax profits of £2.12m on turnover of £36m.

tems development, with the rest tantly, Logica. Admittedly, divided between selling soft. Systems Designers retains its ware products, consultancy and premium rating, trading on a software maintenance.
Customers in industry account

for 48 per cent of sales, with another 29 per cent coming from science and defence markets, and the remainder from companies in financial services.

in financial services.

CAP says that the current year has started well. It plans to continue expanding sales both in the UK and overseas.

The issue, underwritten by Morgan Grenfell, is advertised today. The aplication lists close on Thursday, and dealings are expected to start the following Wednesday, July 31.

It is hard to see why CAP Group is compelled to press ahead with its flotation at this time. Not only is the stock market busy marking down high technology shares across the board, but it has also taken a About 70 per cent of the company's turnover comes from sys-

premium rating, trading on a multiple in the high teens, but it is a smaller company than CAP, and so a thin thread from which to hang a new issue. All this is unfortunate, because CAP has the hallmarks of a quality company — with a broad spread of customers and a high reputation in the industry.

Since learning a lesson in 1980/S1 about the dangers of diversification, the group has concentrated intently on the markets it knows best. In particular it has been refluctant to dayalon too much business develop too much business abroad, though this may change in the future. While there is an element of recovery in the five year track record, there is every reason to believe that CAP will continue to take its share of the growth of demand for computer software. In better times, it would be an attractive addition to any portfolio. At the moment there seems little cause

# Moss Advertising for USM

BY LUCY KELLAWAY

of marketing companies coming to the USM is Moss Advertising, which is being brought by Hen-derson Crosthwaite. A placing of 825,000 shares at 105p will raise a total of £900,000 of which £360,000 will be new money for the company. the company.

Moss, which is capitalised at 54m, is a regional advertising agency with offices in Sheffield, Leeds and Leicester. The com-pany is also involved in PR,

cent of group profits.

The company was started by Stephen Moss in 1978 and now employs 61 people. It currently has over 100 clients, three of which account for a third of group trading profits.

In the last five years, turnover has grown from about £1.5m to £4m, while profits have increased from £80,000 to £227,000. There

THE MOST recent in the stream of marketing companies coming to the USM is Moss Advertising, accounts for about 90 per was a two-year dip in 1981 and 1982, which the company says was due to costs associated with

In the half-year to February.

Moss made pre-tax profits of £231,000 on sales of £2.6m and is forecasting a full year out-tome of less than £410.000.

On this basis, the shares are on a p/e ratio of 14.5 after an estimated 44 per cent tax charge. The yield is 3.3 per cent assuming dividends per share of 2.45p. Dealings begin on Thursday.

## **SHARE STAKES**

Chloride—On July 18 Sir M. Edwardes, a director, purchased

50,0000 ordinary shares at 37p and 50,000 ordinary shares at 43p.
J. Rothschild Holdings-Mr N. Taube, a director, has acquired 100,000 ordinary shares at 98 p and Mr H. Stanton, also a director, has acquired 20,000 ordinary shares at 98 p on July

Changes in company share—Mr K. J. Minton, director, stakes announced over the past exercised his options under the week include:

directors' interest in securities of the company in respect of 45,116 ordinary at 70p.

W. M. Morris Fine Arts-Mr D. Vallance reduced his share-holding by 237,495 shares to 200,000. He is managing director of subsidiary Morris Singer Foundry.

rector, has acquired 20,000 Imperial Group—J. M. Pickard, rdinary shares at 984p on July a director, through Michael 8. Pickard Ltd, acquired 25,000 Laporte Industries (Holdings) ordinary shares and now holds

126,100 ordinary shares.

Robert Horne Group—Mrs E.

J. Davenport, wife of director
M. C. Davenport, sold 65,000
'A' ordinary on July 12 at 140p. Marks and Spencer-S. J. Sacher, director, disposed of

50,000 ordinary.

Hawley Group -- Chase

Nominees is the registered
holder of 12,585,382 ordinary in company (6.5 per cent).

Home Charm Group — On
July 12, Mr L. S. Glanfield, a
director, disposed of 50,000

## **Bristol Evening** Post up at £2.9m

ALTHOUGH SECOND-HALF profits fell from f1.7m to £1.55m, Bristol Evening Post ended the year to March 31 1985 with pretax figures ahead at £2.93m, against £2.48m previously. Turnover for the 52 weeks increased from £37.83m to £40.71m.

With earnings per 25p share up from a stated 20.72p to 28.37p, the dividend total is 5p higher at 21.5p net after a final payment of 14p.

21.5p net after a final payment of 14p.

Operating profits rose by 50.45m to £2.95m, of which the largest contribution came from newspaper publishing and printing at £1.36m (£1.06m). Retail activities added £775,000 (£701,000), features and crossword agencies £47,000 (£62,000); and transport and vehicle repair £92,000 (£58,000). Property rental income came to £672,000 (£518,000).

(£518,000).
Interest payable, less investment income, took £21,000 (£25,000). After tax of £1.37m (£1.27m) and minorities of £486,000 (£358,000), the attributable surplus emerged ahead from £846,000 to £1.08m.

There was also an extra-ordinary credit this time of £712.000 (£156.000 charge) which related mainly to the profit on sale of Reuters "B" shares, less provision for tax thereon.

## Rexmore

WITH SECOND HALF profits dropping from £362,000 to
£243,000, Rexmore, fabric
supplier and distributor, has
announced a lower pre-tax result
for the year to end-March 1985,
of £513,000, against £647,000 previously viously.

Turnover for the year increased by nearly 12 per cent to £29.96m (£26.78m), generating an operating profit of £399,000, against £807,000. The pre-tax result was struck after a lower £237,000 (£279,000) from the related companies, and higher interest charges £623,000 (£439,000).

Stated net earnings per 25p share emerged down from 4.68p to 0.36p, and on a nil basis at 1.99p, and in view of this the directors feel it is prudent to scale down the annual dividend to 1p (1.46p), with a 0.33p final. In the first quarter of the current year they say that the group's trading divisions have shown further progress.

There was an extraordinary debit of £467,000 (credit £47,000) being primarily the loss on disposal of House of Friedland-of posal of House of Friedland-of £332,000, and the share of the extraordinary items of related companies of £119,000.

# Parkfield rises in second half

dividend is appropriate.

In the current year the foundry operation has started very well, says the chairman, and, with fishes is confident of further growth in profits for the first half.

Mr Felber says the acquisition of Foster (from Thorn EMI)

After credit it profit to (efficit 1 extraordin (E8,000))

(deficit 1 (E8,000))

(48,000)

(48,000)

(58,000)

(58,000)

SECOND-HALF profits of Parkfield Group, have shown an appreciable increase, as expected. They amount to £378,000 and mainly stem from the rationalisation programme and a generally improved level of sales. Soon the state of the programme and a generally improved level of sales. Soon the state of the programme and the programme and the programme and the programme and the programme state. They give the programme and the programment of the programmen

mainly stem from the rationalisation programme and a generally improved level of sales.

They give a profit of £488,000 for the year ended April 27, 1985, compared with losses of 185,000 in 1983-84 and £206,000 in the preceding year. However, there is an exceptional charge of £114,000 this time being non-recurring costs and writeoffs relating to inferior quality coke delivered from abroad during the miners' strike, bringing the miners' strike and file of this file of this file of this file of the miners' strike the rupayment.

The chairman says he is condient that during the current year "we will generate sufficient that during the current year "we will generate sufficient that during the current year "we will generate sufficient that during the current year "we will generate sufficient o

After tax £106,000 (£12,000 credit) the Parkfield group net profit comes out at £269,000 floss £53,000) for earnings of 5,06p (deficit 1.12p). There are also extraordinary charges of £38,000 (£8,000) net of tax for redundancies. The dividend cost is

## PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus\*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

"Announcement las	t year."		THE DESCE
Date	Announce- mont last year	Date	Announce- ment fast year
APVAug 23	Intento 4.5	Nottingham	7-0.
88AAug 23	Interim 0 84	MigJuly 23	Interim 1.45
BarclaysAug 7	Interim 12.5	Ocean	
Biagden IndsAug 20	Interim 3.5	TransportAug 1	Interim 2.15
Sive Circle		Prop Sec	
IndustsAug 23	Interim 6.0	Inv Tat. Aug 8	Final 1.5
BSRAug 15	Interim 0.385	Queens Most	
Cadbury		HousesAug 23	Interim 0.665
SchweppesAug 23	Interim 1.6	Royal	
*Commercial		Dutch PetAug 8	Interim dua
UnionAug 14	interm due	*Royu!	
*CorahAug 15	Interes 1.6	InsuranceAug 16	
*De Beers,Aug 20	Interim 125c	SecuricorAug 15	1nterim 0,49
*Dee CorpsAug 8	Figal 3	*STCAug 10	Interim 3,25
*Dowty	Front 2.8	Shelf	
Erco IntlAug 23	Interim 4.25	TransportAug 5	Interim 11,3
General		Smith and	
AccidentAug 15	Interim 8	NaphawAug 14	interim 1.4
Glynwed Int Aug 6	Interim 3.25	Smith (W. H.) Aug 22	Final 1.171
*GKNAug 7	interim 4	Standard	_
Horizon		CharteredAug 21	Interim 9.5
TravelAug 22	Interim 0 88	Stock	
*1CiJuly 25	Interim 12	ConversionAug 13	
"Lex ServiceJuly 26	loter m 4.1	8 guA	inter m 5
. "Lioyds Bank Aug 2	Interim 9.5	Wagon	
*Mercantile		FinanceAug 24	Interim 0.875
HouseJuly 31	Final 8.25	* Baard meeting Intim	ated. † Right
"Midland BkAug 1	intenm 11	issue since made. ‡ Ta	x free. § Sch
"NatWestJuly 30	Interim 12.0	issue since made. ¶ Fo	

## EQUITIES

## 1		
159 F.P. 9/8 60 88	Though 1985 Stock Stock 1985	1
1 12 2 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	159 F.P. 9/8 60 58    SATA Selection 5p. 58    bg.5. 3.6. 4.     180 F.P. 2/8 235 223 Abbey Life 5p. 226 -1 bd.63.     130 F.P. 2/8 235 223 Abbey Life 5p. 226 -1 bd.63.     130 F.P. 2/8 140 150   Abplistred Shin Npn. 484 -4     150 F.P. 12/8 50   45k Balline GY Shin Npn. 484 -4     150 F.P. 12/8 50   45k Balline GY Shin Npn. 484 -4     150 F.P. 12/8 50   45k Balline GY Shin Npn. 184 -1     150 F.P. 197 172   165 Balline GY Shin Npn. 184 -1     150 F.P. 197 172   165 Balline GY Shin Npn. 184 -1     150 F.P. 197 172   165 Balline GY Shin Npn. 184 -1     150 F.P. 198 183 147 Erritah Acrosence Sp 146   2	1 16 1 16 1 16 1 16 1 16 1 16 1 16 1 1

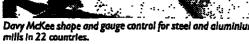
## **FIXED INTEREST STOCKS**

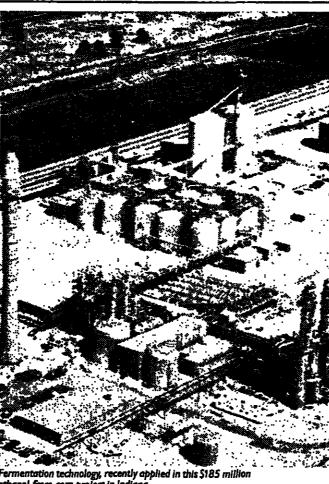
	seuce Hand Son 1985		35	i · Stock	Closing price £	+ 01	
	₹2	720	High	Low	<u> </u>	04	<u>'</u>
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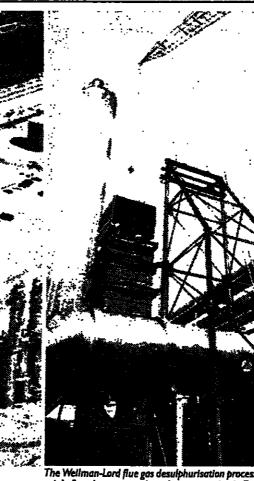
## RIGHTS OFFERS

brice Amount	Renunc	1965 High	Low	Stock	Closing	+ ar
165 Mil 33 F.P. 145 F.P. 100 Mil 185 100 NI 250 F.P. 285 F.P. 285 F.P. 120 NI 120 NI 180 F.P. A\$1.25 NI	13 9 16 8 2 8 28 10 6 8 9 8	15pm 37 kg 175 2pm 123 410pm 295 315 51pm 8pm 197 kg	5pm 30 160 1pm 92 590pm 265 2971 <sub>2</sub> 1pm 4pm 180 648	Baker Perkirs 50p.  \$50-isolates  \$60ers Emerald Mines  \$40ers Emerald Mines  Hamen Trist  Haziewood Foods 20p.  India 20p.  Mills & Allen  New Cavandish 5p.  Prestwich  Sunlight Service 10p.  Union Discount 21.  Union Discount 21.  Twoodside Pet, A\$0,50.	10pm 55 165 1pm 104 390pm 275 315 31pm 5pm	+2











# "PROCESS TECHNOLOGY-KEY TO DAVY'S IMPROVING PERFORMANCE"

Peter Benson, Chairman of Davy Corporation, announcing the company's results for the year ended March 31st, 1985, says that the winning of significant new business is due in large part to Davy's leading position in a number of process technology areas.

Results for the year, with equivalent figures for the previous year are:

	1985 £ million	1984 £ million
Turnover	581	640
Profit before tax	13.0	7.5
Shareholders' funds	. 70	[ 65
Earnings per share	10.5 pence	6.3 pence
Dividends per share	3.7 pence	3.7 pence
The Annual Report at	nd Accounts will	be sent

to shareholders towards the end of August and will then be available to others on request to the Public Affairs Department, Davy Corporation plc, 15 Portland Place, London W1Á 4DD. Telephone: 01-637 2821. Telex: 22604.



RALPH HALPERN CHAIRMAN BURTON GROUP PLC A retail organisation with 1200 stores nation 1977-80 Took over management of Burton -Market segmentation philosophy impl through precisely targetted chains Top Shop, Top Man, Evans Lifted share price from equivalent of 14p to 450p on Friday. Acquisition of Dorothy Perkins, Studio, Harry Fenton. Development of Principles for men and women. Developed one of the strongest teams of retailing executives in the UK. Over 200 highly trained and motivated managers producing excellent performances. Introduction and appreciation of good design in systems, distribution, merchandise manufacturing, shop development: incentive schemes for all staff introduced. "Personal Account" becomes one of Britain's largest and most successful retail credit cards: 1984 one million plus active card holders Over £220 million property assets managed. All retail divisions pay market rents. Over 300 branches added to chains during last

SIR TERENCE CONRAN CHAIRMAN HABITAT MOTHERCARE PLC A Group having 495 stores in the UK and 255 in the world as at March 1985 First Habitat store opens in London 1964 1971 Conran Associates Design Consulta Habitat opens in France. Conran shop 1973 London. 1975 Habitat Belgium launched. Habitat Profit Linked Share Plan for employees: 1976 one of the first of its kind in this country. 1977 Conran Stores Inc established in USA 1981 Habitat goes public. 1982 Habitat and Mothercare merge: today 750 stores in 14 countries. Habitat-Mothercare buys Heals; acquires 48% 1983 stake in Richard Shops; Mothercare launches 'NOW', a chain of young fashion shops. 985 Conran Design Group becomes the largest design consultancy in the world. Acquires stake in FNAC

# Before you give them the top jobs at Debenhams, study their CVs.

Shareholders seldom have the opportunity to select staff for the companies in which their money is invested.

That's normally a job for the Personnel Department.

But not this time.

60 months.

As a Debenhams shareholder you can now have a say in two appointments that will directly influence the fortunes of your company.

And, indeed, your own fortune.

Should you stick with the Debenhams management, whose performance over the last 10 years can only be described as lacklustre?

Or should you get two of the most capable

men in British retailing working for you?

Ralph Halpern led the team that transformed the Burton Group.

Once an outdated and unprofitable outfitters, it's now one of the High Street's most successful retailers, with an unbroken string of increasing profits as proof.

And Sir Terence Conran, chairman of Habitat/ Mothercare, has time and again shown the dramatic effect innovative design has at the till.

What these men did for their shareholders, they can do for you.

All you have to do is fill in your form of acceptance and give them the opportunity.

With Halpern and Conran there will be life after Debenhams.



## Moss Advertising Group plc

The Group's principal business is that of a regional advertising agency with offices in Shelffeld, Leeds and Leicester. Additionally, the Group offers to its allents a range of services in graphic design, corporate

Placing by Henderson Crosthwaite & Co. of 824,560 Ordinary Shares of 5p each at 105p per share

## SHARE CAPITAL

Arthorised £300,000 6.000.000 Ordinary Shares of 50 Issued and now being issued, fully paid: £190,000 3,800,000 Ordinary Shares of Sp each

ticulars of the Company are available in the Extel Unlisted Securities Market Service and copies may obtained during named business hours on any weekday (excluding Saturdays) up to and including

194-200 bisnopsgate London EC2M 41L

at The Stock Exchange

22nd July, 1985

# Associated Newspapers Holdings p.l.c.

	Hair-Aear ended 3127 Mistell*	300	
Year ender Septembe £ million		Half-year ender 1985 £ million Unaudited	d 31st March 1984 £ million Unaudited
357.8	Turnover	205.1	173.9
18.8 1.2 3.0 1.7 (1.3) 23.4 (4.9)	Trading profit Share of profits of related companies Income from other fixed asset investments Net interest receivable Profits from sale of properties Amounts written off investments Profit before taxation Taxation	9.9 1.9 2.1 0.9 1.7 (0.1) 16.4 (7.7)	6.5 0.7 1.4 0.1 — — — 8.7 (3.2)
18.5 (1.2) 17.9 35.2	Profit after taxation Interest of minority shareholders Extraordinary items Group profit for the period	8.7 (0.4) 	5.5 (0.6) — 4.9
4.3 56.9p	Dividends Earnings per share	1.7 27.6p	1.4 16.1p
i. ine raure	s for the year ended 30th September. 2 Results for o	revious neriods have be	an restated to

. The figures for the year ended 30th September, 1984 are abridged from the accounts for that year which received an unqualified report from the Company's auditors and which have been delivered to the Registrar of Companies.

The profit before taxation for the half year was £16.4 million (1984 £8.7 million), after crediting profits on disposal of properties of £1.7 million (1984 £nii).

Improvements in the performance of the Daily Mail and The Mail on Sunday, which should continue in the second half-year, contributed to the group's increased trading profits.

Provincial newspapers' trading profits were similar to last year, although profits for the full year will be adversely affected by recent NGA industrial action. Euromoney produced improved results and expanded its services to the banking community. Profits from The 13-30 Group in the U.S. also showed a marked increase. Both should show a similar improvement in the full year.

Profits for the half-year from Blackfriars Oil Co fell slightly owing to a lower contribution from the Argyll Field. Full year profits may show a decline for the same reason, as well as reflecting a high level of exploration expenditure. First gas was extracted from the Esmond Field on 1st June, 1985, since when full production tests have been successfully

reflect changes in group accounting policies for goodwill and the capitalisation of interest.

Increased dividends were received from the investment in the Canadian forestry products company, Consolidated-Bathurst.

An increased interim dividend of 5.50 pence (1984 4.50 pence) per share has been declared by the Directors and will be paid on 22nd August, 1985 to shareholders on the register at the close of business on 25th July, 1985.

## City of Copenhagen

\$15,000,000 9 per cent 15 Year External Loan of 1970

Morgan Granfell & Co. Limited hereby gives notice that it 1985 at the offices of any of the Paying Agents for the Loan.

				1s	October, 19	75 Redemptic	OR.				
					93	45					
				18	October, 197	77 Redemptio	מכ				
					93	46					
				78	October, 19	78 Redemptio	XI)				
					8394	8395					
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230	231	736	1829	2059	2956	3251	3258	4892	5482	5506	5507
5625	6872	8795	8796	8901	8412	9413	9416	9417	9426	9481	2798
				14	October 19	M Redemptio	20				
447	104B	1057	1059	1300	1301	1302	1754	1755	1767	1768	1882
2062	2169	2851	2885	2885	2667	2939	2943	2948	2950	2951	2952
2553	2957	3023	3307	3308	3309	3311	3314	3422	3509	3510	3511
3514	3650	3926	3927	3932	4036	4037	4232	4233	4248	4249	4255
4289	4364	4365	4959	4960	5626	5626	5629	5634	5635	6106	6400
7689	7862	8396	8397	8704	8706	8707	8878	8880	8681	8882	8921
8922	8323	8924	8963	8964	8977	8980	8961	8983	8991	8992	9000
9009	9011	9012	9147	9361	9430	9452	9458	9457	9482	9483	9529
8000	13141	14375									

Morgan Granfelf & Co. Limited, 21 Augus Friers, London EC2N 2HB

Hambros Bank Limited,

The usual interval of four clear days will be required for exa Office of Morgan Granfell & Co. Limited

22nd July, 1985,

## FINANCIAL TIMES STOCK INDICES

	July 19	July : 18 ,	July 17	July 16	July 15	July 12	19 High	85 Low	Since Co High	mpliation Low
Government Secs.	83,08	83.39	83,56	83,18	83,12	82,89	83,56	78,02	127,4	40.0
Fixed Interest	88,15	88,26	88,00	87.66	87,50	87,58	88,26	82,17	150.4	50.0
Ordinary	935,4	932.8	933,6	928,7	937,2	921,6	1024.5	923.7	1024.5	40,0
Gold Mines	404,9	407.2	410,8	399.0	399.6	392.4	536.9	392.4	734.7	45,4
FT-Act All.Share	603,26	602,04	600,90	597.11	599,06	593.91	644,21	581,88	644,21	61.92
FT-SE100	1252,5	1848.6	1247.3	1239.5	1243,6	1230.8	1324,4	1206,1	1542.4	986.9

# BANCO ESPIRITO SANTO

US \$25,000,000

ace with the provisions of the Certificates, notice is

Bank of Tokyo International Limited

cent.

# Tiphook comes back with offer to raise £4.35m

planned.

The offer represents nearly 40 per cent of the company, which is capitalised at £15.4m, and will raise £4.35m in new money. This will be used to reduce borrow-ings and as a basis for further

ings and as a basis for further expansion.

Tiphook is the largest container rental comapny in the UK, and among the 20 largest in the world. Via Adamsons, which it bought in 1984 from Acrow's receivers, Tiphook is also the biggest UK manufacturer of containers. The company's third major plank of business is renting trailers, of which it currently owns a feet of 1,770.

Tiphook has achieved rapid and unbroken growth in both turnover and profits in the last

Thorpac lower

COSTS OF developing the micro-

charges of £105,000 (£37,000), the pre-tax profit shows a reduction from £106,000 to £75,000.

ness.

Already in the current year sales have substantially exceeded the equivalent period of last year, and the directors have every confidence that this trend

As to the effect of development costs and interest charges, they are addressing the problems and are confident that profitability will be restored to satisfactory

F.T. Share Information

The following securities have been added to the Share Information Service: IBL (Section: Electricals), Intercontinental Energy (Oil and Gas), Stormgard (Drapery and Stores), Wold (Food, Groceries).

US\$250,000,000

SECURITY PACIFIC

CORPORATION

Floating Rate Subordinated

Capital Notes due 1997

Noteholders are advised that for

the interest period from May 21

to August 20, 1985 inclusive, the

sum of US\$202.99 will be payable

on the interest payment date, August 21, 1985, per US\$10,000

The Chase Manhattan Bank, N.A.

LADBROKE INDEX

934-938 (+4)

Based on FT Index

Tel: 01-427 4411

FIRST CITY BANCORPORATION

OF TEXAS, INC.

US\$100,000,000 FLOATING RATE NOTES

DUE JANUARY, 1995

n accordance with the provisions of the Notes, notice is hereby given hat the Rate of Internat for the hree month period 22nd July 1985 o 22nd October 1986 has been fixed to 8½ per cent per annum. Interest will therefore be payable at US\$207.64 on 22nd October 1985.

Principal Amount of Notes.

London, Agent Bank

will continue.

at £75,000

THE Tiphook offer for sale, which was aborted last mooth in the face of dreadful conditions in the issue market, is now going ahead.

Barclays Merchant Bank is offering 5.5m ordinary shares at 110p each, which the bank describes as "slightly lower for the current year, it is contain the price originally planned.

The offer represents nearly 40 ner cent of the company, which the same period.

The offer represents nearly 40 ner cent of the company, which the offer price, the shares are on an historic p/e multiple

At the offer price, the shares are on an historic p/e multiple of 9.6 assuming a nil tax charge. The company says that it has enough offsetable capital allowances to enable it to avoid paying tax for the foreseeable future. An anticipated annual dividend of 3.73p would give the shares a yield of 4.8 percent.

The application list opens on July 25 and dealings begin on July 31. comment

the most keenly priced issues. Tiphook may just pass the test so long as the market does not confuse it with those contro-versial container leasing opera-

Tiphook is pitching itself into a market that looks no happier than the one it shunned three weeks ago, with investors still reluctant to go for anything but a year or two from now. well for the leasing companies

tions which did not earn their promised dazzling returns for private investors. Tiphook, on the other hand, seems to be a well managed company with an impressive growth record. By providing a complete and flexible service on the routes it operates it is at least holding its own against larger U.S. competitors. It has also turned around Adamson with encouraging speed and is thrusting ahead with further expansion plans. There further expansion plans. There are, however, two black spots on the horizon. First, with 90 per cent of container leasing revenue in dollars, the company's profits may look less glowing if the U.S. currency continues to fall. Secondly, gloomsters in the industry are forecasting overcapacity among the container operators which may not bode well for the leasing companies

## Penny and Giles beats forecast with 32% rise

wave cookware range and the high charge for borrowing have cut the benefits of increasing sales at the Thorpac Group in the year ended March 31 1985. Penny and Giles International both in terms of volume and ifted pre-tax profits by 32 per value, shows a marked increase ent from £937,000 to £1.24m for compared with the same period ifted pre-tax profits by 32 per cent from £937,000 to £1.24m for the year ended March 31 1985. The result exceeded the board's forecast of £1.075m made in last December's prospectus at the time of the company's USM

year ended March 31 1985.
Group sales rose substantially from £2.83m to £4.11m and gross profit showed some increase to £1.18m . (£976,000). But after higher distribution and administration costs, and interest the following the first costs. time of the company's USM placing.

Arising from the increased profitability, the board is paying a final dividend of 1.35p, which is 0.14p more than forecast. Stated earnings per share improved from 8.38p to 8.59p.

Turnover of the company—a maker of advanced measurement and control instruments from £106,000 to £75,000.

Earnings of this USM stock are a little better at 2.2p (2p) per share, and the final dividend is again 1p for a 2p net total.

The group supplies freezer packaging and accessories, but has recently been concentrating on expanding into the microwave cookware and accessories business.

and control instruments—
advanced from £11.61m to
£14.17m. Exports accounted for
£3.54m (£2.41m).

The directors believe the com-pany's diverse outlets ensure that its profits are not influenced adversely by the factors that have been affecting areas of the computer and electronics indus-tries, which are currently out of favour with investors. climbed in the current order position, year end.

of the previous year.

Although the directors say it would be premature to comment on the precise outcome for 1986, they are confident that the com-

pany's growth will continue. The improvement in 1984-85 results reflects their opinion that the company had continued to consolidate its position in the measurment and industry.

Arising from the placing of

shares in December, the com-pany has financed a new factory for Penny and Giles data recorders, without increasing overall short term borrowings. Tax charge was £409,000 (£231,000), of which £298,000 (£154,000) was current with the remainder deferred. Last year, there was also an extraordinary credit of £151,000

credit of £151,000. Net asset value per share climbed from 56.9p to 67p at the

## COMPANY NEWS IN BRIEF

GLASGOW STOCKHOLDERS Trust returned virtually unchanged net revenue of £432,000, against £428,000, for the six months to end-June, 1985. Net asset valued amounted to 134p per 25p at the end of the period compared with 108p a year previous. Farnings amounted to (0.75p). The directors expect to to at least match last year's final

CARDIFF PROPERTY bolding interim dividend at 0.6p net. In half year ended March 31 1985 turnover was £92,000 (£123,000) and pre-tax profit £5,000 (£17,000), downturn reflecting costs associated with high interest rates and drop in gross rentals following sale of a commercial property in Cardiff.

ATLANTIC Assets Trust increased its net asset value from 111.6p to 133.9p per share over the year ended June 30 1985, after prior charges at par. Income for year was £2.39m (£1.78m) and available for ordinary £966,000 (£730,000) equal to 0.79p (0.6p) per share. Dividend is 0.55p (0.5p). Included in net current assets is £11.42m unrealised appreciation f11.42m unrealised appreciation on forward sale of \$75m.

COMMERCIAL BANK of Wales has lifted pre-tax profits from £777,000 to a record interim £963,000 for the balf year to end-

June 1985. Interest took £4.23m (£3.03m), and tax £3.45,000 (£320.000). Stated net earnings per 25p share are 3.09p against an equivalent 2.28p.

TOPS ESTATES raised rental income from £64,000 to £178,000 vious. Earnings amounted to and pre-tax profits from £31,000 override a decision of the dividend is being raised to 0.85p March 31. 1985. Earnings (0.75p). The directors expect to at least match last year's final The company came to the USM with the Home Secretary, who are the power to override a decision of the criminal courts; such a power to outside the power to override a decision of the criminal courts; such a power to outside the power to override a decision of the criminal courts; such a power to override a decision of the criminal courts. The company came to the USM with the Home Secretary, who in January and is paying a diviewer exercises it with manifest restates that is, not just on the balance

> RADIO CITY (Sound of Merseyside) has called of its bid for Marcher Sound, following a report on financial information relating to that company. The consideration was to be met by Radio City issuing shares, and some 57 per cent of the share and loan stock holders of Marcher had signified their willingness to accept.

> ASHLEY INDUSTRIAL Trust made a pre-tax profit of £33,000 in the six months to March 31 1985 against a £157,000 loss last time which was after a £190,000 exceptional charge. The directors are confident the gradual recovery will continue. Turnover was £686,000 (£901,000) and earnings per 25p share came to 0.66p (3.05p). Plans are in hand for a capital reconstruction that will eliminate the deficit on the P and L account, restoring the board's ability to resume divi-dends when appropriate.

## **BOARD MEETINGS** FUTURE DATES

The following companies have notified dates of board meetings to the Stock Exchangs. Such meetings are usually held for the purpose of considering dividends. Official indications are not dividends. available as to whether the dividend are interims or finals and the sul divisions shown below are base mainly on lest year's timetable.

TODAY

ck	Interims—
ly	Berkeley Technology Aug
	Commercial Union Assurance Aug
19	
OZ	Edinburgh American Assets Tst July
ds	Mount Charlotte Investments July
ь-	Finals—
ed	A & M Hire July
	Astra IndustrialJuly
	DBE Technology July
	Gent (S. R.) Oct
ts	Watsham's July
	Well-n-

unbridled power now being exercised by Customs.

in terms similar to provisions dating back to 1878. The section provides that the commissioners "may, as they see fit" restore anything that has been properly forfeited or seized by

smuggled goods.

anchor round the head.

three people being charged with smuggling probibited drugs. The yacht was seized from its owner, Mr Leonard Haworth, in his presence. Although he was arrested he was released on hail and was was released on bail and was not subsequently charged. A Customs official noted then that 25 Mr Haworth was "certainly

## THE WEEK IN THE COURTS

# **Customs officers** under judicial fire for yacht seizure

IN MODERN times parliament involved in this importation. In has entrusted the Commissioners of Customs and Excise with extensive discretionary powers in relation to smuggled goods, doubtless in the secure knowledge that the powers circumstances. has entrusted the Commissioners of Customs and Excise with extensive discretionary powers in relation to smuggled goods, doubtless in the secure knowledge that the powers would invariably be used both wisely and fairly. The decision of Mr Justice Forbes last Wednesday in R v. Commissioners of Customs and Excise, cx parte Hacorth makes one wonder whether that trust has been misplaced. If so, parliament wil be pressed to limit the unbridled power now being that the event of his not being the event of the yacht to him under any circumstances."

Subsequently Mr Haworth's solicitors wrote to the commissioners asking whether they would exercise their discretion under section 152 and return the yacht to Mr Haworth. The solicitors went on to ask whether the Customs comment will be pressed to limit the unbridled power now being the event of his not being the event of his recommended that restoration of the yacht to him under any circumstances."

The case centred on section 152 of the Customs and Excise Management Act 1979, which is

craft, vehicle, animal, container used or other whatsoever which has the been used for the carriage " of policy not to offer restoration."

ment.

ing Crown Court in July 1978
to nine years' imprisonment for smuggling heroin into Britain. The U.S. Department of Justice sought his returns the U.S. to face charges and give evidence in a criminal

month and taken by military aircraft to the U.S. As a result of his testimony 15 other persons were convicted on charges of smuggling heroin. He himself pleaded guilty and was sentenced to two years' imprisonment and put on probation for 10

should ever have the power to traint. While it is comforting to find only one recorded in-stance of the exercise of this power, the fact that it exists at all is disturbing. The more so since last week's case shows that the commissioners think that they are a law unto them-

In August 1983 a yacht, Trelawny I, was seen by the Padstow lifeboat without navigation lights off the coast of Padstow. Two men on board told the lifeboat that they had missed the tide into Padstow; the coxswain advised them to The next day the yacht sailed into Falmouth harbour

where she was boarded by customs officers. Nothing was found. But later that day a black waterproof box, attached by a rope to an anchor, was recovered from the sea near Padstow at Mother Ivy's Bay by a holidaymaker fishing from a small boat. It contained 2.5 kilos of 100 per cent pure Customs investigation led to

thing other than the innocent owner of the yacht unconnected with the smuggling attempt; if it is alleged that he is connected with the smuggling which took place, would you provide grounds for the allegation?."

The response was less than satisfactory. The Customs said that no allegation of misconduct on Mr Haworth's part was customs officers.

An earlier section (section proceedings against the three men, but in the case of yachts power to forfeit "any ship, air.

The distribution of the case of yachts and other means of carriage areast websides. used for smuggling drugs it was the "Commissioner's normal

Mr Haworth had bought the The degree of trust reposed yacht in August 1982 for in the commissioners can be £25,600 in France to avoid gauged by a quite extraordinary liability for VAT. In June 1983 power given in another part of Mr Haworth wanted to bring section 152. This provides that the boar back across the Atlanthe commissioners may order tic, having sailed it out himself, any prisoner convicted of a A yachting colleague offered to customs offence to be dissail it back and was given the charged before the expiration ship's papers and keys to the of his or her term of imprison-yacht. Mr Haworth claimed that he had no knowledge of the the smuggling.

In November 1983 the smuggling.
Chancellor of the Exchequer It was the commissioners' was asked how often this policy in relation to smuggled power has been exercised in goods that came under judicial the last 30 years. Only one fire. In the court proceedings instance is recorded. A U.S. the commissioners stated that citizen was sentenced at Read- in the past they exercised in the criminal act in question and had acted reasonably so as to, for example, not put his He was released from his yacht or vehicle into the hands of strangers without making any inquiry." Of course, the commissioners emphasised, "the decision is based on its own facts." They added that they were not satisfied that Mr Haworth "was wholly innocent of any prior knowledge or of complicity in the criminal purposes" of the smugglers.

It is, of course, extraordi- The gravaman of the judge's nary that a public official castigation of the commissioner's policy was the substi-tution of suspicion for proof of complicity, coupled with their reversing of the burden of proof. It was up to the yachtof probabilities, but according to the higher standard of crimi-nal proof—that he was free of any prior knowledge or com-

plicity. Mr Justice Forbes described such a policy as un-British, in that it automatically deprived the yacht-owner of his property rights and put the burden on him of dispelling suspicion where there was no evidence at all to implicate him in the smuggling.

The situation was com pounded by the fact that the commissioners gave Mr Haworth no proper opportunity of refuting the suggestion that the circumstances surrounding the purchase of his yacht and his actions after the yacht arrived in Falmouth lent "credence to some degree of involvement" in the smuggling.

In a rather histrionic way Mr Justice Forbes has merely applied the presumption that courts make when parliament is silent. Judges presume that Acts of parliament are in-tended to operate justly. If Acts of parmanent tended to operate justly. If parliament is silent "the justice of the common law will supply the omissions of the legislature." The more readily so when the judges see that the administration is in fact acting unfairly.

Justinian

## European **Ferries**

Group Plc (CDRs)

The undersigned announces that as from 25th July 1985 at Kas-Associatie N.V., Spuistraat 172, Amsterdam, dividend coupon No. 1 of the CDRs European Ferries Group Pic, representing 100 5% Redeemable Non-Cumulative Preference shares of £2, will be payable with Dfls. 18,44 net (re dividend for the period 7th September 1984 to 30th June 1985, 4.07% per share).

Tax credit=£1,744=Dfls. 7,90 per CDR. Non-residents of the United Kingdom can only claim this tax credit when the relevant tax treaty meets this facility.

AMSTERDAM DEPOSITARY COMPANY N.V.

Amsterdam, 11th July 1985

## Granville & Co. Limited Member of The National Association of Security Designs and Investment Managers

8 Lovat Lane London EC3R 8DT Telephone 01-621 1212

Over-the-Counter Market

Cabiratisan			hange	Gross	Yield		Fully
£000°a	Company	Price o	n waak	diu (n	, ,,,,,,	8 1	rully
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_	Ass. Brit. Ind. CULS	138	_	100		7.5	89
2,547	Airsprung Group	44xd	_	6.4	7.2		
900	Armitage and Rhodes	36			14.5	. 7.3	9 8 7 5
48,246	Bardon Hill	158.ed	+3	2.9	8 1	4.5	75
3.410	Bray Technologies	62	-3 -2	40	25	20 O	2Q B
667	CCL Ordinary	182	_	3 9	Ē 3	7.6	8.7
1,312	CCL 11pc Conv. Pref	103	_	12 0	7.4	4 0	3.8
7,787	Carborundum Ord.	130	_	15.7	14.9	_	_
623	Carborundum 7 Spc Pf.			4.9	3.8	6.4	10.1
3.767	Deborah Services	89	+1	10.7	120	_	
29.092	Frank Horsell	48	4 2	6.5	13.5	4.6	74
	Frank Horsoll Pr.Ord.87	457×d	_	14	03	11.7	15.0
3.758	Frederick Parker	360×d	-9	119	3.3	9.3	119
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812	George Bloir	66	+1	_	_	4.4	8 9
14.339	ind. Precision Castings	20	_	27	13.5	5.5	55
5.520	Isis Group	180	_	15.0	8.3		26 9
32,725	Jackson Group	106	_	55	5.2	7.1	7.1
3,189	James Burrough	236	+2	150	64	7.4	7.4
9,274	James Burrough SpcPf.	92	+3		14 Ď	1:7	
3,612	John Howard and Co	85	-	50	56		11.1
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## The Republic of Panama U.S. \$50,000,000

Floating Rate Serial Notes due 1991 For the six months 23rd July, 1985 to 23rd January, 1986

In accordance with the provisions of the Notes, notice is hereby given that the rete of interest has been fixed at 8°, per cent. per annum, and that the interest payable on the relevant interest payment date, 23rd January, 1988 against Coupon No. 13 will be U.S. \$342.60.

The Industrial Bank of Japan, Limited Agent Bank

per la companya de  companya de la companya del companya de la companya del la companya de la co

# E COMERCIAL DE LISBOA

Negotiable Floating Rate London Dollar Certificates of Deposit due 1986

hereby given that for the six months in interest Period from 22nd July, 1985 to 21st January, 1986 the Certificates will carry an interest rate of 8th per cost, per annum. The relevant Interest Payment Date will be 21st January, 1986 and the Coupon Amount per US\$500,000 will be US\$21,127.60

Agent Bank

## INTERNATIONAL APPOINTMENTS

# Wang succession question GPA gives after Cunningham quits

BY PAUL TAYLOR IN NEW YORK

42, has resigned as president and chief operating officer of U.S. office equipment group. The surprise move, which follows a recent sharp deterioration in Wang's performance, again throws into question the management succession at the Lowell, Massachussets-based

group.

The company said Mr An Wang, the 65-year-old founder, chairman and chief executive of the group, will reassume the presidency, a position he beld for more than 30 years until Mr Cunningham was appointed two years ago. Wang said: "No further organisational changes are planned."

## **Arne Olson** new chief at **Volvo Bus**

By Our Financial Staff MR STIG ARNE OLSON, the new president and chief execu-tive of the Volvo Bus Corporation of Sweden, has been appointed president and chief executive of Volvo BM AB, succeeding Mr Eric Johanson, executive of VME Construction Equipment Group N.V.

This follows the merger be-tween Volvo BM AB, the construction equipment division of the parent company, Volvo, and Clark Michigan Company of the U.S., the construction equip-ment subsidiary of Clark Equipment. The 50-50 vehicle for the venture, VME Construc-tion Equipment Group NV, re-gistered in Holland, offers a challenge to the wheeled, loader and dump truck sectors of Caterpillar of the U.S. and Komatsu

Initially he will supervise the marketing division of Volvo BM until a new senior vicepresident marketing has been appointed as a successor to Mr Lennart Söderberg. Mr Söderberg has been appointed senior vice-president marketing of

MR JOHN F. CUNNINGHAM, Mr Cunningham, who had regret and excitement "that he worked at Wang for 18 years, was widely regarded as the driv-Wang Laboratories, a leading ing force behind Wang's highly successful marketing and promotion follows a recent sharp deterioration in Wang's performance, again throws into question the welcomed on Wall Street at the lime because he was viewed as time, because he was viewed as a possible successor to Mr An Wang in competition with other senior Wang executives, incl'id-ing Frederick Wang, son of the founder and the group's execu-tive vice president and chief

development officer. man and chief executive of warned that it expects to report Computer Consoles, a smaller a loss for the fiscal fourth quar-company, and said it was "with ter ending June 30.

was quitting Wang. He will remain a Wang director. Commenting on the move, Mr An Wang praised Mr Cunningham's contribution to the group and said: "We wish John well in his new endeavour and look for-

Wang Laboratories had, until recently, grown at a meteoric pace, with revenues rising to almost \$2.2bn in the 1984 fiscal year. year. However, the group's rapid growth came to an abrupt Mr Cunningham resigned the end earlier this year as sales president's job to become Chair plunged and the company warned that it expects to report

ward to his continuing counsel

as both a friend and board

## **Emhart names Gately at** new products group

BY OUR FINANCIAL STAFF

some \$55bn to the company's profits in 1984 of \$90.4m. Embart has British operations including Bostik and BUSM Company in Leicester, and manufactures machinery for the footwear, glass container and rubber and plastics processing

In the past two months it has acquired two U.S. concerns, Mite Corporation a fastener company for \$125m and Arcotronics, a

the Minneapolis-based multi-well as chairman of Du Pont The new senior-vice-president state bank holding company de Nemours International. This product development at that banks, in the top 20 in the clarifies the story carried on Volvo BM is Mr Ove Danerlöv. U.S., has announced that Mr July 8.

MOTOROLA, the electronic communications company, has promoted Mr Carl E. Lindholm to the newly created post of executive vice president. executive vice president, International Operations. Mr Gerhard Schulmeyer succeeds Mr Lindholm as general mana-

# extra job to Ryan

MR TONY RYAN took over at the beginning of the month as chairman of the GPA Group (formerly Guinness Peat Aviation). which claims world leader ship in leasing and remarket ing of commercial jet aircraft, on the back of a near-fourfold growth in group net profits, revenue and gross assets in " and gross assets in four years.

He moves into the additional job (he was already chief executive) at the ten-year-old group, owned by the UK Guinness Mahon banking and commodity broking concern. Aer Lingus, the Irish flagcarrier. Air Canada, and General Electric of the U.S., as to 22.7 per



Mr Tony Ryan, takes the chair

cent by Mr Ryan, at a time when it is committed to replacing old aircraft with new. He takes over as chair-man from Mr Geoffrey Knight.

GPA-aiming to expand its worldwide operations claimed in March the largest financial package ever to be arranged by an Irish commercial company on the London market, when an evergreen syndicated revolving credit facility for \$135m, assuring GPA of funds for six years at any time, was arranged.

arranged.
GPA, with offices, apart from those at Shannon; Stamford, Conn; London; and Hong Kong, has—when new aircraft on order and on option are included—a portfolio of 86 commercial jet aircraft, worth some 21 5bn

# UK APPOINTMENTS

## **Changes at Pilkington**

Mr K. W. Appleton has been appointed director of personnel and external affairs for PIL-KINGTON BROTHERS. He suc-KINGTON BROTHERS. He succeeds Mr David Pilkington, who retires in October, and will be responsible for the personnel function worldwide. In addition, he is responsible for the Pilkington Group's external affairs including liaison with national and local government and trade unions. He will continue his present responsibility as director of group services. Mr Appleton will be succeeded as director of personnel relations by Mr will be succeeded as director of personnel relations by Mr John Gillespie, currently personnel director of glass fibres division. Mr Gillespie will be responsible for employee relations, training, pensions, senior management administration and co-ordination.

LONGTON STORAGE & TRANSPORT has appointed Mr L. B. Riley as managing direc-tor. He was previously ne was previously operations director, Lowfield distribution.

CROWN HOUSE has appointed Mr Stephen Bodger as group financial director. He joined the

VIKING PACKAGING, a subsidiary of the Sevon Holdings Group, has appointed Mr Stewart Claxion as sales director responsible for reel film and general bag sales; and Mr Peter Crouch, as sales director for wicketted bag sales.

From September 1. Mr John
Gordon becomes head of
CAPEL-CURE MYERS corporate
finance department. He is an
executive Director of Jackson
Exploration Inc where he will
continue subsequent to this
appointment as a non-executive
director. Capel-Cude Myers is
currently owned 29.9 per cent
by Grindlays Bank who are 100
per cent owned by the ANZ
Group. Capel-Cure Myers will
form part of a new investment
banking division being constructed by ANZ.

Mr J. R. Calder has been promoted to under secretary from September 26 to become direc-tor of statistics, INLAND REVENUE.

New secretary to the CON-STRUCTION INDUSTRY TRAINING BOARD is Mr John Adrian Reynolds, who has been head of secretariat/deputy secretary secretary who ceeds Mr Rusell Gardner who has retired.

Mr J. D. C. Hemsley has been re-elected for a second year as president of THE INSTITUTE OF METAL FINISHING, while Or M. Clarke has been elected senior vice president and also president elect. Mr J. P. Biddolph has been made a vice president while the chairman of the education committee is Mr John Foster. Mr Bryan Fisher has been appointed honorary has been appointed honorary secretary general of the insti-

tute for four years. He is process engineering specialist with the lighting division of Lucus Electrical, Cannock, and takes over from Mr Ron Read of Lucus Electrical, Shaftsmore Lane. Mr Read has been elected a vice president and has taken over as chairman of the events committee organising this year's diamond jubilee celebrations.

G.T. MANAGEMENT has appointed to the board of G.T. Management (UK) Mr Philip J. S. Gray as managing director and Mr Michael E. Hill and Mr Nicholas G. Timmins as directors

Mr David Young has joined DATACTIC as a director.

TOWRY LAW has appointed Mr Khushroo Ruston as director in charge of Towry Law (Chan-nel Island). He remains a director of Towry Law and Co. The group has appointed Mr David Ainslie as a director of Towry Law Advisory Services.

Mr Richard Cotterell, a part-ner of Matthews and Goodman, City surveyors, has been co-opted to the board of the EAST SURREY BUILDING SOCIETY to fill the vacancy caused by the retirement of Mr G. G. Simmons.

\*
MCLEOD RUSSEL has appointed Mr N. E. K. Openshaw as group managing director. New chairman of the NATIONAL COMMITTEE FOR ELECTORAL REFORM is MCCharles Morrison, Conservative MP for Devizes, His election

follows the death of the previous chairman, Lord Harlech, earlier this year. Mr Christopher Arnander has been appointed a director of BARCLAYS MERCHANT BANK. He will be responsible for for-mulating business development

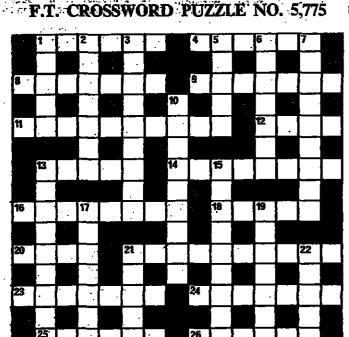
programes for Barclays de Zoete Wedd.

Mr Alan Brookes has been appointed financial director of HILSTONE DEVELOPMENTS. UK property development company of Bloomfield Management Co. He will also be financial director for Hilstone Developments International and for the newly-formed Footpees Group of ments international and for the newly-formed Fortress Group of companies, which are mainly involved in construction and the provision of building services, Prior to joining Hilstone, Mr Brookes was a deputy general manager of the Exeter-based London and Manchester Assurance Company.

Mr Michael Evans has replaced Mr Hyman Wolanski as manager of WYATT'S London office. Mr Evans retains his existing respensibility on the board of Wyatt for the offices outside the U.S. and Canada. and continues as managing director of the as managing director of the Wyatt Company (UK). Mr to establish his own consulting firm.

## ET UNIT TRUST INFORMATION SERVICE

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ACROSS for a mate (6)

4 Fair bird? (6)
8 Gets into bad shape (7)
9 Serious Eastern muddle (7)
11 There may be plenty of jumpers at these second-hand stalls (4, 6)

12 Has now moved South (4)

13 Fear father will come round

again? (5) 14 Neighbouring state (8)

16 Drink calmed us when upset 18 Vicar has no head for crime 15 He teaches the student body

others (4)
:Il Service no longer used by gunners (10)

:3 Sorting out and putting away 74 Left in a state of wretched-

ness, or very near (7) in want (6) 26 Stable form of electricity

1 Ladies' champion in quest 1 Use two joints on Sunday 2 Era when men began forg-

ing ahead (4, 3)
3 Clumsy son of Noah passed over (3-6) 5 New paint is not suitable (5) 6 Bridge could be played for

money (7) Dawn of Japanese standardisation (6, 3) 10 Hide pirate, a mean fellow 12 Score a game of darts (6, 3)

shade better than the 17 They take pictures hundred-a thousand-times (7)

19 A national topic of discussion (7) 21 Ocean-tossed paddle-boat (5) 22 Flower I ring up about (5)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday

## THE FINANCIAL TIMES is proposing to publish a survey on ZIMBABWE

WEDNESDAY 21st AUGUST 1985 Advertising copy date for this Survey is WEDNESDAY, AUGUST 7, 1985 For further information please write to or telephone:

HUGH SUTTON Area Manager Africa Financial Times, Bracken House 10 Cannon Street, London EC4P 4BY Tel: 01-248 8000 Ext 3238 Telex: 885033

Financial Times Monday July 22 1985		23
Scottisk Life Investments   Sun Life Unit Assurance Ltd.     19 St Andrew Square, Edubargh   (**1-225 2211   9t James Berton, Bristol 6599 75L   0272 42691     Property	INSURANCE, OVERSEAS & MONEY FUNDS	Regal Trust International Fd. Mogt. Ltd.(u) PB Ec. 199, St. Herler, Jersey.  US21 27401 Secretar Fd. 199. Secretar Fd. 1
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Financial Times Monday July 22 1985  INDUSTRIALS—Continued Last the Tide Developed Last the Tide Devel	PROPERTY—Continued   INVESTMENT TRUSTS—Cont.	25   FINANCE, LANDCont.   MINESContinued
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## FINANCIAL DIARY FOR THE WEEK

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last vear's timetable.

MONDAY JULY 22 COMPANY METTINGS— JIO American Agriculture. 64. Lincoln's a Fields. W.C.. 12.00 Org. Mining. 41. Cheval Place, S.W., ion Co., 41, Cheval Place, S.W., Portland Hotel, Piccad-lly, Man-Securities, London House, London South, Paynton, Stockport, 12 00 hitebread investment, Brewery, Chiswell street, E.C., 12.30
BOARD MEETINGS rray Smaller Markets Trust

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1991 \$379.6
COMPANY MEFTINGS—
Ambross inv. Tst., Institute of Charbored
Accountants, Moorpate Place, E.C., 12.30
Becham, Hamilton Place, Hyde Park
Brathrealte, St. Cermin's Hotel, Caxton
Street, Sw., 12.00
Caffyris, Queens Hotel, Marino Parace,
Easthourae, 3.00 00
nv. Tst., Electra Hause, Temple
rictoria Embankment, W.C., 11.30
universal Inv. Tst., 122, Leadenreet. E.C., 2.30
nal and Control, Barber-Sargeon s
lonkwell Sq., London Wall, E.C., y Secs., 33 King William Street, 12 00 Olifields, Institute of Char-Itants, Moorgate Place, E.C., Partnerships, Assembly Hail, 1, 11.30 Stadium, 34, Park Street, W.,

12.00 taveley lads., Savoy Hotel, Strand, W.C., 12.00 BOARD MEETINGS—

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THURSDAY JULY 25
COMPANY MEETINGS—
urdon Hill, Bardon Hill, Leicester. 11.30
octs. 1, Hamilton Place, Hyde Park
Corner, W... 11.00
Hish Steam Sopeclaties, Grand Hobel. r Mothercare, 71, Copthall Avenue,

L.C.P., Penanett Estate, Kingsford, West Midlands 12.00 Locker 17J, Church Street, Warrington, 11.00 London and Associated Inv. 7st., 30-32, Ludgate Hall, E.C., 12.00 London Inv. Tax., Ironmongers' Hall, London and Associated Inv. Tat., 30-32, Ludgate Hall. E.C., 12-00 age., 12-00

y, Regby Road, Hinckley, Leicester, 12.00 re. 12.00 ers Food. Briscoe Lane, Newton Heath, Inchester, 11.00 Offshore Services, 50. Huntly Street, Arthon 12.00 rn, 1200 Stainberg House, Kiln Farm, Keynes, 11.00 ural Resources, 2, Puddle Oock, 2.00 Royal

Orwendish Hotel, Jermyn Stree

Downste Mill. E.C., 12 00

widdl i Hovyl and Son. Baldwin's Omega.

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.45 mberlin and Hill, Chuckery Foundry ilsail, 12:00 La Rug Cafe Royal, 68, Regent Street a Rue. Cafe Royal, 58, Repending 11.30 ronic Rentals, Howard Hotel, Temple Strand. W.C., 2.50 Hotel, Maniques 14. Britannia Hotel, Maniques 14. nenriques (A. Britannia Hotel, Man-chester, 12.03) C. Gas. 30-32, St. Mary Axe. E.C., 11.30 MorayFirth, 58, St. James's Street, S.W., 10.30 arn Foods, Grange Park Hotel, rby, Hull, 12.00 rn Secs., 8, Devonshire Square, E.C.,

vertices and a Devolution of States, E. C., "Portion outh and Sunderland Newspapers, News Centre, Hilsea, Portsmouth, 12.30 tylo, Stylo House, Harrogate Road, Apperley Bridge, Bradford, 10.90 ecc. Connaught Rooms, Great Queen Street, W.C., 10.90 hormal Scientific, Waldorf Hotel, Aldwych, W.C., 17.00 wych, W.C., 17.00 tylogloby Stadings Line, Line Stadings of Li ilng Enterprise inv Tst tech & INTEREST PAYMENTS

Surton Chamberlin am Composit 20 Dublier 1.1p Eddings, Pope A 2.4o Saline Boats 1.5o Grainger Trust 1.5p Hanson Trust 1.5p Hanson Trust 1.5p Anson Associated / 9.92p. and Hill 2.1p

SUNDAY JULY 28 Bidg. Sec. 12p; 8ds. 3!2.86

## **BUSINESSMAN'S DIARY**

UK TRADE FAIRS AND EXHIBITIONS August 18-21 MAB (0727 63213) Earls Court International Craft and Hobby September 1-5 Fair (04252 72711)
Wembley Conference Centre Autumn Gifts Fair (01-855 9201)

August 25-28 Olympia
Scottish Autumn Gift Fair (0764
4204) Anderston Centre, Glasgow
August 28-30
August 28-30
August 28-30
September 2-5
British Yarn Show (0274 724235)
Holiday Inn, Leicester international Software Engineering Exhibition and Conference (01-240 1871)

Septemoer 10-12

Hire Equipment Exhibition—
HIRE EQUIP (01-688 7788)

Belle Vue, Mancheste September 10-13 Imperial College, London August 29-September 1 August Zy-September 1 Offshore Europe 85 conference and Television — VIDTEL (021-780 4171) NEC, Birmingham September 14 Internetical VI Incentive Travel Exhibition (01-688 7788) Novotel, London

## International Menswear Fair -**OVERSEAS TRADE FAIRS**

International Cultivation, Harvesting and Packaging in Viti-culture, Horticulture and Veg Growing Exhibition (0869 252131) (until July 25) Kishinev August 7-10

International Computer, Tele-communications and Office Auto-mation Exhibition — INFOTECH THAI (04867 81084) Bangkok August 16-18

International Men's Fashion
Week and International Jeans
August 2,229
International Security Conference
and Exhibition ISC/EAST (01-Fair (01-930 7251) Cologne
August 20-23
Advertising and Marketing
Exhibition — ADSERV (01-487
2983) Johannesburg

Amoust 24.98 Frankfurt International Fair (01-734 0543) Frankfurt August 25-30

## International Heating, Ventilat- 242 7829) **BUSINESS CONFERENCES**

September 11-13
Cambridge Business Conferences:
Business transactions with developing countries (0233 354978)
Peterhouse, Cambridge July 28-31 Kluwer Conferences: Marketing Insurance (01-568 6441)

International congress of nutri-tion and exhibition (0273 695811) Brighton

August 18-23 Dataquest: 1985 Financial serprogram technology tors conference (01-409 California September 2-3

September 2-3

The Plastics and Rubber Institute: Impact testing and performance of polymeric materials (01-245 9555)

University of Surrey, Guildford September 2-4

Management Training Consultants: Successful managers in action (Leicester 27052)

Leicester

Leicester September 18
Longman Seminars: Data protectection registration — the practical problems (01-404 4756)
Barbican, EC2 September 4-6
Frost and Sullivan: Integration of voice and data communications (01-486 0334)
September 5-6
Reed Conferences: The Motor Ship's second international ship and the state of the second se

Platts Oilgram News: Compare ws European markets (New York 512 4931) Hotel Athenseum, Inter Continental, Athens (Other September 25-26 repair, spares and maintenance conference (01-643 8040) Royal Garden Hotel, W8 September 9-10 Oyez IBC: 1985 European con-

Oyez IBC: 1985 European conference on solid modelling (01-236-4080) Marriott Hotel, WI September 10 Institute for International Research: The financial and commercies (01-886-9141) Eondon Press Centre 10 St James's Square, SWI

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

## CONSTRUCTION CONTRACTS

# **Building fit for accountants**



One of the most advanced office buildings along the M4 corridor is to be built in Bristol for international accountants Arthur Young. The £41m project in Lewins Mead and Bridewell Street is to be constructed on behalf of property developers MEPC by contractors Sir Robert McAlpine. Work will start by the end of July and the offices are expected to be ready for occupation by Work will start by the end of July and the offices are expected to be ready for occupation by early 1987. The building has been designed by the Alec French Partnership to a brief prepared by architects and space planners Austin-Smith Lord. The building will incorporate design features to allow for the integration of computers and communication equipment within the office. Internal layout will be based on a co-ordinated structural grid with raised floors and suspended ceilings, within which all the building's services will be incorporated. The office environment will be controlled by a computerised building management system to ensure maximum saving in energy usage and to optimise the working conditions for the staff. A six-storey glazed atrium provides a focal point for the office areas. Surveyors Lalonde Bros & Parham, who were retained by Arthur Young to locate a suitable city-centre expansion site, have negotiated a rental which works out at less than £8 a sq ft. MEPC were represented by Edward T. Parker and Osmond Tricks.

## Refurbishing Alexandra **Palace**

WALTER LAWRENCE (CITY) walter Lawrence (CITY) has been appointed to carry out the repair, refurbishment and redecoration of the East End of Alexandra Palace, Wood Green, N22, on behalf of the London Borough of Haringey. The repair of this section of the fire-gutted building will cost about £550,000. Management contractors for the Management contractors for the project are Taylor Woodrow Construction.

Walter Lawrence Project Management has been awarded the management contract for construction of a food distribution depot for BOC Transhield. To be built in Thatcham, Berkshire, it will be used by BOC to distribute fresh foods on behalf of Marks and Spencer to stores in London and the home counties. The main building of the depot has a total floor area of about 119,000 so ft. The depot includes a vehicle maintenance building of about 10,750 sq ft.

SHEPHERD CONSTRUCTION

teenth century New Court and the main Cripps Building. The Fisher Building on this site will contain a large multi-purpose lecture/concert hall, junior com-mon room and servery, seminar

Improvements to 83 council homes in Marple, Stockport, are being carried out by ROWLINSON CONSTRUCTIONS of Poynton, under a £706,000 con-tract for Stockport Metropolitan

and committee rooms, four music practice rooms, art room, and

drawing office.

ALFRED McALPINE SERVICES AND PIPELINES has been awarded a contract worth about 53m by Shell UK Exploration and Production for work on one of Shell/Esso's major North Sea pipelines. The contract involves pre-commissioning (including hydrostatic testing, cleaning, dewatering and vacuum drying) the 300-kilometre subsea pipeline be-tween the Fulmar "A" platform has a £1.9m contract for the is thought to be the longest pipe-Fisher Building for St. John's line to be pre-commissioned

Novotel, London

Ing and Air Conditioning Congress and Exhibition — CLIMA 2000 (Denmark 45 01 63 323000)

August 26-29 World Congress and International

Exhibition on Heating, Ventila-tion and Air-Conditioning (45-1-

Finnish Fashion Fair (01-486

891 5051) New York August 30-September 8 International Audio and Video

International Autumn Fair (01-493 3111) Leipzig September 6-9

International Fair-MACEF (01-

Risk Research Group: Captive insurance companies (01-236 2175) Gloucester Hotel. London September 12

IPE oil futures seminar: The proteins applications of oil

practical applications of oil futures trading (01-481 2080) City Conferences Centre, EC3

September 16-19
Labmate: International environment and safety conference (0727 51983)
September 20
The Economist: Intrapreneurship in Practical congruence and management of the contrapreneur of the

in Practice: creating and manag-ing innovation in large corpora-tions (01-839 7000)

The New Piccadilly Hotel, W1

September 25-27

Barbican, EC2

63 32 30) August 27-29

891 5051)

August 27-29

Fair (01-749 3061)

September 1-7

1951)

College, Cambridge. Work in-cludes demolition of the single-storey block of the Cripps Build-ing situated between the nine-pumping complex in an environmentally sensitive area and precautions will be taken to prevent pollution,

> ROSEHAUGH STANHOPE DEVELOPMENT is undertaking Phases I and II of the Broadgate Phases I and II of the Broadgate project adjacent to British Rail's Liverpool Street Station. These first two phases will provide 450,000 sq ft of office accommodation. The company will supply and erect some 3,600ft of structural steel. Richard Lees are supplying Holorib metal decking. Other items include the stairs, shear studs and pre-encasement shear studs and pre-encasement of some of the beams. The pro-gramme demands that Phases I and II must be completed be-tween the end of August and the beginning of December. The buildings are generally of 8 storeys. Richard Lees is part of Cleveland Redpath Engineering, structural engineering division of Trafalgar House.

WILTSHIER SCOTLAND has won three contracts together worth £644,000. Largest is in Shettleston Road. Glasgow, for in the North Sea and St Fergus Shettleston Road, Glasgow, and on the east coast of Scotland. It the Shettleston Housing Association for the rehabilitation of five the sheet of the sheet o

## £6m orders for Tarmac

Contracts worth more than £8m at Kings Norton, Birmingham, have been awarded to TARMAC CONSTRUCTION.

Two together worth £1.3m have been awarded by Sheffield City Council for improvements and repairs to 59 homes at Rura. and repairs to 59 homes at Burn-

advanced factories at Alness-Ross-shire, for the Highlands and Islands Development Board (£592,000); design and building a retail unit for a do-it-yourself store at Kidderminster, Wor-cestershire, for Cedarlodge (£483,000); substructure and

Other projects include work on

Turmac Construction, operating as Tarmac Cubitts, has contracts for designing and building facfor designing and building lac-tory extensions at Chippenham. Wiltshire, for Westinghouse Brake and Signal Company (£465,000); and refurbishing premises in Cannon Street. Lon-don, for Westpac Banking Cor-poration (£350,000).

foundations work at Chatterton
House Hospital, Kings Lynn,
Norfolk, for the East Anglian
Regional He alth Authority
(£410,000); and industrial units

Tarmac Refurb has a £683,000
contract for refurbishing three
contract fo Tarmac Refurb has a £683,000

> centre for the Honda of The UK Manufacturing Company at South

Marston Airfield near Swindon.
In the contract are ancillary
buildings, including a power
house and two security gate
houses. Completion is scheduled
for late summer 1995

for late summer 1986.

## Norwest Holst busy in the north

NORWEST HOLST SCOTLAND contract for the car delivery has begun work on two con-tracts worth film: a management contract to rebuild shop premises in Kirkcaldy and construction of Ardrishaig Swing Bridge over the Crinan Canal in Strathclyde. Shop premises are being built

for "What Every Woman Wants (1971) Ltd " in High Street, Kirkcaldy. The project will provide 17,000 sq ft of retail space on two floors behind an existing three-storey building, which will incorporate the new shop front on the ground floor with living accommodation above. Construc tion is of structural steel precast concrete flooring units and a metal roof. Installation of all services and finishes is included. Work is due for completion towards the end of 1985.

The bridge job involves removal of the steel and timber superstructure of the existing swing bridge and its replacement with a steel superstructure carrying a cantilevered aluminium walkway. The contract was awarded by the British Waterways Board and is due for completion in February 1986.

Work has started on a fim sports centre at Hexham. The 30,000 sq ft centre will contain a sports hall, fitness room, meeting room, bar overlooking the hall, a further multi-purpose hall with catering facilities, creche, changing rooms and showers, indoor bowls hall, and bowls spectator area. The ground floor is designed to meet the require-ments of disabled people and there will be a lift to the first floor bar and rooms. The development includes a 27,000 sq ft retail store. The scheme is being under

taken by Norwest Holst Developments in partnership with Tynedale District Council, and the centre is being built by Norwest Holst Construction. It is planned to be completed by April 1986.

IDC, Stratford-upon-Avon, has been awarded a multi-million pound design and construction

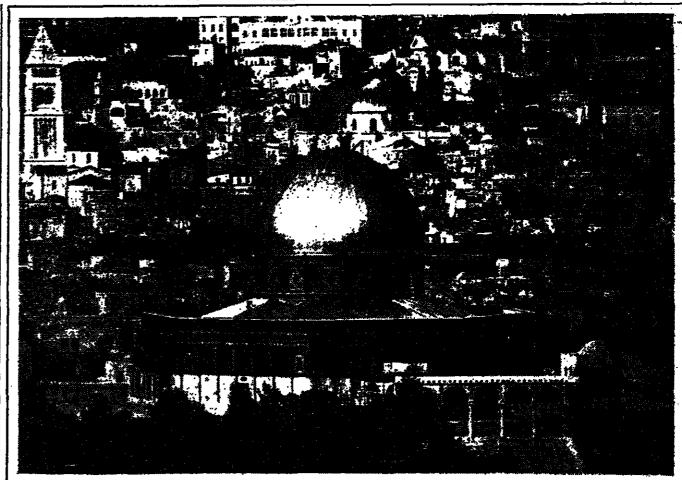


## Wimpey to build homes at Stevenage

Stevenage Borough Council has placed a £3.4m contract with WIMPEY CONSTRUCTION UK WIMPEY CONSTRUCTION UK
to build a mixture of houses, flats
and bungalows in traditional construction at Hoppit and Bandley
Bottom, Stevenage. The contract
provides for 27 flats, 44 bungalows and 74 houses in one and
two-storey blocks and will include
84 garages and 4 car ports, roads,
sewers and services. Construcsewers and services. Construction has started and will be com pleted by January 1987.



In the Haymarket, SW1, a block (Nos 30-34) which includes a shop where Lord Nelson bought his tobacco, is to be re-developed and refurbished in a £4m contract. The historic tobacconist's shop, Fribourg and Treyer, one of the two listed buildings on the site, will be retained in its exact form. The buildings on the site, will be retained in its exact form. The remainder, which borders Shavers Place on the south and east, will be redeveloped into retail shops, six floors of offices and five flats. Developer is Taylor Clark; joint letting agents are Strutt and Parker and D. E. & J. Levy; and Costain Renovations is the main contractor. Work was started in March with completion in November 1986. Total office floor area will be 19,000 sq. ft. The new part of the block will have a reinforced concrete frame and the elevations will be a mixture of Portland stone and brick. The buildings to be demolished have projecting bay windows, which feature is to be incorporated within the office block giving views up and down Haymarket. Brickwork will match the London stock of the Georgian numbers 33 and 34. The front of Fribourg and Georgian numbers 33 and 34. The front of Fribourg and Treyer's shop will be retained including the panelling, counter, screen, stairs, double-how shop windows and shutters. Two panoramic lifts will serve the office floors and look out through curtain walls on to the landscaped courtyard in the centre of the block.



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Financial Times Conferences

## **ELECTRONIC FINANCIAL** SERVICES

## LONDON-October 21 & 22 1985

This high-level meeting on Electronic Financial Services is timed to coincide with the major Banking Equipment and Technology exhibition at London's Barbican Centre.

Subjects to be addressed include:-

- Electronic Financial Services Now and in the EFT/POS - A Banking, Retailing and Consumer
- Perspective; ATM's - National and International Networks;
- Home Banking; Future Cash/Treasury Management Systems;
- The Potential Applications of Expert Systems in

Some of the speakers taking part include: Mr F. G. Reeve, Mr Robert B. Willumstad, Mr Bessel Kok, Mr David Robinson, Mr Robert P. Barone and Mr Eduard

## WORLD MOTOR CONFERENCE

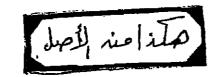
## Frankfurt—September 12& 13 1985

World Motor at Frankfurt on September 12 and 13 coicides with the auto show and continues the tradition of major FT forums on the industry. Signor Umberto Agnelli, Mr Bob Lutz and Mr Bernard Hanon are three of the leading speakers on the pospects for the large manufacturers in the light of strategic thinking over globalisation. Dr Eberhard von Koerber of BMW will address himself to the outlook for the specialist manufacturers and Signor Paolo Cantarella of Comau will lead the section on process technology.

All enquiries should be addressed to: The Financial Times Limited

Conference Organisation Minster House, Arthur Street London EC4R 9AX

Tel: 01-621 1355 (24-hour answering service) Teles: 27347 FTCON G Cables: FINCONF LONDON



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FINANCIALTINES

Inc	dices	CANADA	AUSTRIA	AUSTRALIA	JAPAN
NEW YORK DOW JONES 1985 Since Comp'n	July July July - 1985 19 18 17 16 High Low	Sales Stock High Low Close Cling	1985 July 19 Price High Low Sch % 391 225 Credit Stait Pfd. 353 555 380 Goesser 520	1985 July 19 Price Aust. 8 5.93 4.83 ANZ Group	1985 July 19 Price High Low Yen
July July July July July July 18 16 17 16 15 High Low High Low	AliSTRALIA Ali ord.(1/1/90) 920.2 922.3 912.8 902.5 922.3 (18/7) 715.3 (7/1) Metals & Minis. (1/1/88) 525.8 527.5 513.5 503.5 583.8 (20/5) 362.5 (7/1)	TORONTO Closing prices July 19	1,950 400 Interunfall 1,675 383 222 Laenderbank 340 670 835 Penmooser 576	1.15 1.05 Alliance Oil Dev. 1.95 2.11 1.75 Ampol Pet. 1.95 1.17 0.75 Ambol Pet. 1.95 1.15 0.75 Ambol Pet. 1.15 2.82 1.88 Aust. Cone. Ind. 2.75 3.4 2.3 Aust. Guarantee. 2.65	1,570 1,040 Ajinomoto 1,120 2,097 1,300 Ajas Electric 1,340 1,134: B19 Amada 850 1,100 621 Asahi Chem 844
eindustri'ts 1559.541350.821357.871347.881335.451359.541184.561359.54 41.22 (19/7) (4/1) (18/7/85) (27/32) Home Sade: 80.14: 80.25 80.55 80.66 80.46 80.65 72.27	AUSTRIA Oredit Aktien (2/1/82) 59,25 \$7,73 \$8.27 \$6,61 195,73 (17/8) \$5,21 24/1 BELGIUM	3300 Agnico E \$173, 173, 173, 3297 Agra Ind A \$91, 91, 91, -1, 10473 Alt Energy \$183, 181, 181,	220 155 Stayer-Daimler 171 620 245 Velscher Mag . 554	3.0 2.28 'Aust, Nat, Inds; 2.6 2.9 2.4 APM	928 819 Asahi Glass 880 576 500 Bridgestone 560 1,480 971 Canon 991 2,060 1,370 Casso Comp 1,470
Transport., 700,73 696,04 702,6 700.14 689,26, 702,6 685,03 702,6 12,38 (177) (41), (177,68) (87,72) Uthides 166,24 167,06 168,34 168,34 168,65 168,91 165,6 168,91 10,5 (189,91) (127,68) (22,442)	Brussets SE (1/1/90) 2511,42 2392,81 2294,87 2295,46 2584,12 (5/6) 2090,7 (18/1)  DENMARK	37422 Algoma SI \$221, 213, 221, +15   1380 Argest \$20 191, 20 +5,   800 Alco   \$30, 63, 63, -1,	BELGIUM/LUXEMBOURG  1985 July 19 Price High Low Fre	7.5 4.25 Bell Res	1,350 920 Chugal Pham 925 596 409 Citizen 420 754 605 Daiel 686 1,190 925 Dai Nippon Ptg ., 1,130
TradingVol (14.83151,350 159,920182,500 103,920 — — — — — — — — — — — — — — — — — — —	Openhagen SE (5/1/85)         208,76         218,57         211,58         210,77         211,59         111,77         158,44 (8/1)           FRANCE CAG General (51/12/87)         217,9         218,5         218,9         235,1 (51/6)         180,8 (5/1)           Ind Tendance (28/12/84)         124,8         125,7         125,9         125,8         180,4 (5/15)         180,8 (5/17)	1984 BP Ceneda \$32 32 32 14801 Bank BC \$55, 53, 53, -1, 48171 Bank N S \$141, 137, 14	High Low Fra. 2,030 1,750 B.S.L. 2,012 6,500 5,750 Band, Gen Lox 6,300 6,200 5,450 Band, Inc. A Lox 6,020	4.05 : 5.45 Brambles ind 3.95 2.65 2.05 Bridge Oil 2.55 7.64 4.34 8, H. Prop 6.58 6.4 4.28 CRA 5.96	748 532 Dahwa House 748 494 329 Ebara 465 2,002 1,183 Ebai
Industrial div. yield \$ July 12 July 5 June 28 year ago (approx)  4.58 4.59 4.59 5.10	GERMANY FAZ AKtien (51/12/58) 480.57 476.41 489.48 489.78 502.82(5/7) 282.39 (5/1)	5500 Braiorne 455 445 450 5700 Bramaiae \$181, 18 181, -1, 710 Brenda M \$91, 91, 91, -1,	6,220 4,590 Beksert B, 5,730 2,710 9,260 Ciment CBR 2,300 287 204 Cockerili 205 9,500 5,630 Delhaize 8,700	3.81 2.64 CSR	1,840 1,290 Fuji Bank
STANDARD AND POOR'S	Commerzbank (1/12/55) 1412,1 1399.8 1577.0 1378.6 1495.2(5/7) 1111,8 (5/1)  HONG KONG Hang Seng Bank/51/7/841 1897.87, 1872.04 1847.9 1832.99 1678.87 (19/7) 1220,74 (2/1)	7497 BCPP \$91 83 97 97 58620 BC Phone \$235 233 233 233 141 43 175 Brunswik \$141 137 141 43	3,140 2,770 EBES 2,970 8,870 8,000 Electrobel 8,510 2,220 1,855 Fabrique Nat 2,000 3,850 2,855 GB Inne BM	0.45 0.81 Consolidated Pet 0.81 1.8 1.25 Costam Aust 1.72 2.55 1.86 Dunlop Olympic. 2.55	3,840 1,800 Green Cross '2,180 493 352 Hasegawa 473 973 577 Helwa Real Est 860
July July July July July July 10 High Low High L	TTALY Banca Comm Ital. (1972) 358,38' 556,4 551,84 555,52 556,4 (18/7) 228,56 (2:1)	16605 Budd Can \$323, 315 323, +11, 14479 CAE \$163, 161, 163, +1, 1300 OCL A \$175, 171, 175, +1,	2,205 1,855 GBL (\$rux) 1,865 4,330 3,575 Gavaert 3,950 6,190 5,320 Hoboken 5,500 2,350 2,025 Intercom 2,250	3.55 2.65 Elders IXL 3.16 1.80 1.30 Energy Res 1.67 2.82 2.09 Gen, Prop. Trust 2.28 3.45 2.9 Hardle (James 3.07	893 685 Hitachi
Gomp's'te 196.13 194.39 195.65 194.72 192.73 196.65 163.68 198.65, 4.40 (177) (4/1) (17/7/65), (18/62	JAPAN** Nikkel-Dow (18.5/49) 12788_54   72852_54   12948_49   12598_28   15040_1   (5/7)   11545_2   (5/7)   Tokyo SE New (4) 1/68) 1042_05   1042_05   1045_1   1051_8   1067_55   (10/7)   216_25   (4/1)	1200 Campeau   \$25 25 25 800 <i>C Pactus</i> \$341 <sub>4</sub> 341 <sub>6</sub> -1 <sub>2</sub> 7294 Can Trust \$351 <sub>4</sub> 36 36 5800 C Tuno \$103, 103, 103, 134 +36	9,150 7,520 Kredietbank 8,900 11,900 9,700 Pan Hidgs 10,505 7,250 5,560 Petrolina 5,560	2,6 1.59 Hartogen Energy 2.4xc 4.82 3.4 Heraid WyTimes 4.8 2.22 1.84 ICI Aust	2,450 1,500 Hoya 1,650 468 323 hohr Cr 449 2,790 2,270 ito-Yokado 2,540 1,460 765 iwatsu 800
Industrial div. yield 3,69   3.70   3.72   4.32	NETHERANDS ANP-CBS General (1970) 218.2 218.1 215.10 221.2 (5/7) 186.6 (6/1) ANP-CBS Indust (1970) 188.2 185.8 192.8 191.9 188.5(8/7) 147.9 (6/1)	1300 Con Nat Res 26 26 26 +1 85441 CTire A ! \$101-2 103s 101-2 1100 C Ubi B \$184 18 18 -1	12,300 18,858 Royale Beige 12,200 3,500 5,050 Soc. Gen. Barge 5,400 2,090 1,615 Soc. Gen. Beige 1,810 6,010 6,770 Sofina 7,500 4,670 3,825 Solvay 4,350	7.34 5.1 Lend Lease 6.9 3.45 2.85 MM 2.85 3.35 2.82 Mayne Nikless 3.15	7,890 4,860 JAL
Industrial PrE ratio 11,99   11,96   11,90   10,65 Long Gov. Bond yield 10,26   10,44   10,67   13,31	NORWAY Osto SE (4/1/85) 540,05 557,81 557.8 554,26 545,87 (5/6) 288,18 (2/1) SINGAPORE	1 10400 Ceranese 591, 91, 91, -1, 10400 Ceran Tr \$15 141, 141, -1,	1,658 1,400 Stanwick Intl 1,450 4,360 3,720 Tractionel 5,720 5,550 4,500 UCB 4,980 3,715 2,005 Wagon Uts 5,120	3.12 1.65 Myer Emporium. 3.12 4.72 5.40 Nat. Aust. Bank 4.72 8.7 5.25 News	852 724 Kao Soap
N.Y.S.E. ALL COMMON Rises and Falls July 19 July 18 July 17	8traits Times (1898, 756,87 736,28 727.55 722.6 852,85 (7/8) 717.85 (18/7)  8OUTH AFRICA  JSE Gold (28/8/78) — 978.9 985.1 960.1 1140.8 (15/4): 858.7 (11/2)	19309 Caneplex \$91; 91; 93; + 1; 025695 C Dest A \$71; 65; 65; -3; 29798 CDist B I \$63; 61; 61; -1; 4250 CTL Bank \$12 117; 12 120 Convents \$63; 63; 64;	DENMARK	2.1 1.29 Nicholas Kiwi 2.0 1.80 1.90 North Bkn Hill 2.27 1.08 0.65 Oakbridge 1.07 2.00 0.90 Pancontinental 1.82	540 435 Kematzu 626 748 601 Kenishiroku 897 380 318 Kubotz 355 831 510 Kumagai 831 7,100 3,750 Kyocera 3,860
July July July July High   Low   Issues Traded 2,010 2,026 2,018 19 18 17 16 High   Low   Rises	JSE Indust (28/9/78) . 1054.8 1056.8 1036.8 1058.8 (16/7) 797.1 (7/5)  SPAIN Madrid SE (29/12/64) 108.68 709.89 110.59 110.59 117.41 (4/2) 101.48 (2/1)	1000 Convents	1985 July 19 Price High Low Knr. %	2.03 1.56 Pioneer Cond 1.99 4.65 2.55 Poseidon 3.48 1.75 1.07 Queensland Cosi, 1.72 5.75 3.0 Reckitt & Colman 3.75	1,460 920 Makino Miling 920
113.29 112.51 115.63 115.65 113.49 94.60 Unchanged 404 436 389 (1777) - (4/1) New Highs 118 258 New Lows	SWEDEN Jacobson & P (11/58) 1560,7 1525,6 1507.74 1567,74 1496.88 (11/2) 1286,82 (6/7)	29935 Daon Dev 445 435 445 +5 17040 Denison A p \$14 131- 1314 +14 36387 Denison B f \$131- 123 1316 +1	533 257 Andelsbanken 528 700 520 Saftic Stand 665 338 259 Cooklandelsbank 524	1.44 1.08 Repco	385 300 Marubent, 383 684 540 Marudat, 639 1,300 952 Maru 1,290 1,690 1,250 MEL 1,420
TORORTO July July July July Low 1985	SWITZERLAND SwissBank Cpn. (\$1/12/58) 450.7 457.2 454.5 454.5 459.1 (\$17) 388.7 (\$11) WORLD	400 Develcon \$61, 81, 61, 100 Dickrish A I \$61, 61, 61, 61, 61, 300 Dickrish B \$61, 61, 61, 61, 61, 61, 61, 61, 61, 61,	575 460 D. Sukkerfab 495 352 260 Danske Bank 348 1,260 1,055 De Danske Luft 1,220 245 129 East Asiatic 230	6.1 6.8 Tooth	820 625 M*ta Elec, Works 772 1,790 1,320 M*bishi Bank 1,690 709 512 M*bishi Corp 670 410 370 M*bishi Elect 366
Metals & Minerals 2026, 1   2010.4   1991.6   1922.7   2190.07 (15/2)   1839.3 (9/7) Composite 204.1   2202.2   2204.2 2776.7   2004.2 (17/7)   2348.5 (8/1) MONTREAL Portfolio   139.65   139.90   184.75   139.85 (18/7)   117.00 (4 1)	Capital Intl. (1/1/70) : - 225.4 ; 224.5 : 221.5 224.5 :17/7)   184.6 (4/1)	24608 Doman A 284 270 280 + 18 600 Donohue \$18 173, 18 - 15 8500 Du Pont A \$231, 221, 223, - 11, 56935 Duton A \$151, 141, 151,	1,000 770 Forenede Brygg, 915 163 BB Forenede Damp, 154 443 352 GNT Hidg	1.51 : 0.77 : Woodside Petrof, 1.32 3.48 : 2.55 : Woolworths	921 539 M*bishi Estate 918 342 254 MHL 529 437 324 Mitsui Co 430
NEW YORK ACTIVE STOCKS  Change Change Friday Stocks Closing on Stocks Closing on	** Saturday July 6: Japan Nikkel-Dow 13,040.1. TSE 1,048.20.  Base value of all Indicas are 100 except JSE Gold—255.7. JSE Industrial—	2000 Eleshom X 571, 72, 73, -1, 400 Emco 5183, 181, 181, -181, -1, 4400 Equity Svr 567, 63, 67, 67, 67, 181, 191, 195, -1, 3000 FCA inti \$195, 197, 195, -1,	775 464 Jyske Bank 755 1,895 1,315 Novo Inds 1,750 357 223 Privatbanken 328 376 280 Provinsbanken 373		880 592 Mitsui Estate 658 572 365 Mitsukoshi 653 936, 738 NGK Insulators 750 375, 210 Nihon Coment. 364
Traded price day traded price day traded price day (1,362,300 12) + 1, 1,362,300 12 + 1, 1,222,800 87, + 2, 1,222,800 87, + 3,	284.3. and Australia. All Ordinary and Metals—500. NYSE All Common—50: stordard and Poors—10: and Toronto Composite and Matals—1000. Terrorate indices based 1975 and Montreal Portfolio 47/1/83. † Excludior honds. 2 400	450 C Falcon C \$181, 161, 161, 161, 652, 65500 Fichbridge \$201, 201, 201, 201, 14, 3450 Fed Ind A \$25 25 25 10500 F City Fin \$13 123, 123, 123, -1,	384 217 Smidth iF.L. B 268 1,150 880 Sophus Berend. 1,130 497   395 Superios 472	ITALY  1985 . July 12 , Price	1,480 1,240 Nippon Denso. 1,390 1,250 916 Nippon Elect. 956 495 322 Nippon Express 475 2,400 1,040 Nippon Galkki 1,100
Benk America 1.515,700 17% — % City Invest 1,038,900 28% + ½ Moasento 1,776,200 52% + ½ NCR 1,010,500 35 + 1%	todustriais plus 40 Utilities. 40 Financiais and 20 Transports, c Closed. u Unavaliable.	1000 Gendis A 5295g 285g 285g - 14 5475 Geat Comp \$1012 103g 1012 2200 Geocryde 285 260 282 - 2	FRANCE	High Low Lire  23,850 16,400 Banca Com'le 23,850  276. 165 Bastogi IRBS 234	181 130 Nippen Kokan 150 999 774 Nippen Oil 924 693 475 Nippen Selko 492 698 520 Nippen Shimpan 685
OVER THE COUNTER		7500 Goldcorp   \$73 <sub>6</sub> 71 <sub>4</sub> 71 <sub>4</sub> -1 <sub>6</sub> 800 Goodyear \$39 38 38 8000 Grandons 62 60 62 +2	1985 July 19 Price High : Low Frs.	9,200, 3,350 Bi-invest	172 143 Nippon Steel 168 369 325 Nippon Sulsan 366 12,900 9,360 NTV 10,600 320 226 Nippon Yusen 302
OVER-THE-COUNTER Nasdaq nati		50 Granduc 50 50 50 -5 11200 GL Forest 523 22½ 22¾ -1 2000 Greyhnd 5253 253 253 500 H Group A 593 93 94 +1 8000 Heding A f 155 145 150 +10	1,775 : 1,570 Emprunt 4;8 1973 1,600 8,829.9, 7,355.Emprunt 72 1978 8,160 300 , 235.2 Accor	54,790 54,450 Generali (Assc.) 54,790 53,000 24,820 Italcementi	665 602 Nissan Motor 637 648 452 Nissahin Flour 493 184 156 Nissahin Steel 177
Suct. Sales High Low Last Chang   Stack Sales High Low Last Chang   Please   - Continued from Page 29   R R	Stanck Safes High Low Last Ching   Stack Safes High Low Last Ching (Hods)	413 Hawker S211, 211, 211, 113, 135 4 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	605 498 BIC 516 2,070 11,601; Songrain 1,842 860 602 Bouygues 784	2.109 1,340,Montedison 2.109 7,060 5,859,Olivetti 5,950 5,649 3,460,Pirelii Co. 5,576 3,076 1,926 Pirelii Spa 3,076 6,300; 4,320 Sapiem 5,800	1,390 885 Nomura
\text{VerMLs} 80 110 302 30 305 - \( \frac{1}{2} \) \text{HPMLS} .58 243 1512 1514 1515 114 \\ \text{VerMPS} 2.10 18 245 246 245 \\ \text{RestSys} 188 113 115 115 114 \\ \text{VerMPS} 2.10 18 245 246 245 \\ \text{RestSys} 188 113 115 115 114 \\ \text{VerMPS} 2.10 18 245 246 245 \\ \text{RestSys} 188 113 12 12 12 12 \\ \text{VerMPS} 2.10 12 12 \\ \text{VerMPS} 2.10 \\ \text{VerMPS} 2.10 12 \\ \text{VerMPS} 2.10 12 \\ \text{VerMPS} 2.10 \\ \text{VerMPS} 2.10 12 \\ \text{VerMPS} 2.10 \\ \text{VerMPS} 2.10 12 \\ \text{VerMPS} 2.10 \\ Ve	SoctySv 161 1812 18 1812 UACMS 0.6 1285 235, 2314 233, - 14 UACMS 0.6 1285 235, 2314 233, - 14 Softwar 59 1616 153, 18 UBAlsk 1.5r 40 91, 81, 91, + 16 SomocPs 197 28 271, 28 + 14 UFC 1.08 41 281, 271, 271, 18 SomocPs 197 28 271, 22 + 14 UFC 1.08 41 281, 173, 18 SomocPs 233 41, 41, 41, 41, 41, 41, 41, 41, 41, 41,	8500 Index 517 17 17 2560 Inland Gas \$201, 20 201,	2,620   2,250 BSN Gervals 2,350 1,370   1,205 CtT Alcoste 2,15 2,540   1,790 Carrefour 2,160 625   503 Club Mediter 559 678   470,8 Clg Bancaire 619	5,459 2,103.5nin BPD	977 860 Ricoh 881 1,400 960 Sankyo 1,090
NucePri 154 54 55 55 54 1 Radion 576 73 62 74 3 Numrax 11 75 77 78 1 Ragen -73 51 55 55 1 1 1 Numrax 11 78 70 30 2 Ragen 1 557 327 325 324 Numrax 123 9 64 54 1 Ragen 24 12 155 18 16 - 1	Sindin .52 84 25% 25% 25% 1 100 Upresd 36 12% 12% 12% 12% 12% 120 Upresd 1 780 18% 17 17% 5 1/25 Am 21 21 21 21 21	10650 Indi Thorn S8 " B' <sub>2</sub> B' <sub>3</sub> " - '3 35763 Inter Pipe \$435, 424, 424, - '3 8000 Ipaco \$15' <sub>8</sub> 14' <sub>6</sub> 14' <sub>6</sub> - '4 100 Ivaco B \$21' <sub>2</sub> 21' <sub>2</sub> 21' <sub>2</sub> + 1' <sub>8</sub> 3660 Jannock \$16' <sub>8</sub> 16 16' <sub>5</sub>	303 259.5 Cofimeg		459 399.Sapporo
Report 56 812 814 814 - 14 Redkril 64 109 2712 2834 2712	Sovman 1.68 224 471 4634 47 - 1 1 1 1 1 2 Cap 28 54 54 54 54 1 1 5 5 5 5 5 5 5 5 5 5 5 5	200 Kelsey H \$41 41 41 11909 Labati \$271, 271, 271, +1, 33915 Lac Maris \$21, 31 314 -1,	736 ) 580 Dumez 8.A	NETHERLANDS	789 610 Shirnadzu 645 930, 642 Shioneyi 750 1,220 1,030 Shiseldo1,090
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Orbano 32 1674 1574 1574 1 Rindes 24 495 1474 1378 1479 1 1 Orbano 744 978 878 978 + 1	Statiss .15b .265 .47g .434 .43g UFSBk 51 .12 .1134 .12 12 12 134 .41g .41g .41g .41g .41g .41g .41g 12 134 .41g .41g 134	33381 Molson A   \$161 <sub>2</sub> 161 <sub>6</sub> 161 <sub>4</sub> -3 <sub>6</sub>   100 Molson B \$17 17 17 -7 <sub>6</sub>   425 Nahlera   \$277 <sub>2</sub> 275 275 ±1.		277 210.8 AMEV	1,440 968 Taisho Pharm. 1,030 949 735 Takeda 778 6,550 4,130 TDK. 4,230 491 429 Teljin 451 810 681 Telkoku 646
Our Unit 7276 727600 73442 - 4864 75 114 + 4 RobVan 134 121 12 12 - 3	StrwCla 76 205 38 351, 36 + 3 1 1151 257 131, 13 131, + 1,	44737 Noranda \$1578 1534 154 16 108007 Noroen \$1378 1338 1334 -14 46553 Nva AltA f \$614 658 634 4700 Norman W \$23	2,920 2,040 (1616) 2,500 105.6 83.9 Moulinex 85.9 98.7 72.2 Nord Est 89.0 805 655 Pernod Ricard 718 663 455 Perrier 513 277.9 212 Petroles Fra 214	96 75.5 Buehrmann-Tet 92,2 58.3 33 Calland Hidgs 35.9 191.5 169 Dordtsche Pet'm 176 136,5 117.5 Elsevier-NOU nv., 151	940 761 TBS 875
P O Ryanes 72 5 4/4 5 18/4 18/4 18/4 18/4 18/4 18/4 18/4 18/4	$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	[ 171173 NuMst sp A 38 38 39   700 Celevood	420 240 Peugeot S.A	74.5 43.1 Fokker	244 160 Tokyo Gas 232 770 638 Tokyo Sanyo 685 1 1,000 694 Tokyo Style 1,000 5 525 501 Tokyo Carp. 489
PNCs. 1980 824 515 274 5 5 5 5 Paccar 1.20a 81 47 4854 57 5 5 5 SAYInd 7 153, 151, 151, 151, 151, 151, 151, 151,	SupSky 3 9 9 + 1, Vanzell 12 81 <sub>8</sub> 81 <sub>8</sub> 81 <sub>8</sub> 81 <sub>9</sub> 81 <sub>9</sub> 1819 12 31 <sub>8</sub> 31 <sub>8</sub> 31 <sub>8</sub> 1 12 31 <sub>8</sub> 31 <sub>8</sub> 31 <sub>8</sub> 1 12 31 <sub>8</sub>	550 Pembina   \$161, 161, 161,	307 177.5 Printemps (ALL). 276.8 334 212 (Padiotech. 285 1,480 119.2 Redoute. 1,360 1,790 1.485 Roussel-Uclaf. 1,620 379 281 Seffmeg. 552 1741.7 1,330 Skie Rossignol. 1,390 2,760 2,200 relemec Elect. 2,490 590 410 Thomson (CSF). 523 260.5 206 Valeb. 229	70.4 57.2 Hoogeven s 63.2 52.7 41.5 Int Mueller 51.8 63.5 47.5 KLM 65.2 53 47 Naarden 48.3 76.9 63.6 Nat Ned Cert 76.9	900 805 Toppan Print 815 j 503 426 Toray 470 435 338 Toray ha Steet 355
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Penater 2.20 3 35 35 35 + 1 Syekes 84 32 31 30% - 1	T T   WishE 1.76 384 23°2 22°4 22°4 - 5 1 1 1 10°5 10°5   WFSLS .50 198 25 24°5 24°6 + 4 1	2673 Sceptre \$51 <sub>6</sub> 5 51 <sub>6</sub> + 1 <sub>6</sub> 18449 Seers Can \$10 93 <sub>4</sub> 97 <sub>5</sub> 100098 Shell Can \$253 <sub>6</sub> 241 <sub>6</sub> 247 <sub>6</sub> - 1 <sub>7</sub>	1985 July 19 Price High Low Dm	71.1 62.8 Rollinco 70 46.4 43.5 Rorento 46 310.8 172.5 Royal Dutch 198 365 314 Unilever 345 241 142 VMF Stork 239.5	HONG KONG
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Philid 50e 3084 181a 141a 151a + 12 Scist 8 72a 71a 71a - 1a 1 PhroAm 128 284 21a 25 + 1a Sciex 265 151a 151a 151a 151a - 1a 1 PicSaw 208 281a 28 281a + 1a SeeGal 218 81a 71a 71a - 1a 1 PicCate 60 84 227a 225a 227a + 1a Sannate 3195 71a 7 7 7 1 + 1a 1	Tiema t 1320 3312 3318 3314 + 18 WITIAS 355 1318 1218 1214 14 Taliblus 574 10 918 978 WimorC 40 97 1712 17 1712 + 38	5404 Spar Aero S301, 30 30 -1, 72627 Stelco A S231, 231, 233, +1, 10200 Sulpiro 215 205 210 +8 1100 Steep R 225 215 225 -5 5500 Sydney o 27 27 27 -1	439 . 316,2 Bayern-Verein 415		27.9 21.4 Bank East Asia 22.9 18.1 10.6 Cheung Kong 18.1 16.5 12.3 China Light 16.4
Picyting 390 20 1914 1915 1 Selbel 80 142 2014 2012 2014 1 4 6 Porex 6 2514 2515 2514 1 Semion 295 812 814 814 1 1	Telephot 190 271, 283, 263, 3, 3 Wetra 88 872 311, 307, 311, - 1, Telephot 190 271, 283, 263, 3, 3, 3, 3, 3, 3, 3, 3, 3, 3, 3, 3, 3	16500 Talcorp 107 100 107 +7   2500 Tara \$2114 2114 2114 +14   1100 Tark Cor \$123 125 123 414	245 187.5 Brown Boverie 231.5 226 162.1 Commerzbank 225 164.1 114.5 Comb Gummi 146.7 1897.5 593.5 Daimler-Benz 843.5xc		1.6 0.81 Evergo 0.92 54 43.5 Hang Seng Bank. 46.25 2.37 1.56 Henderton Land. 2.10 11.5 5.40 HK China Gas. 11.4
Powell 5 3 2's 3 Sersor 55 4155 8's 5's 5's 4's 5 Powell 5 3 12's 113's 12's 12's 12's 12's 12's 12's 12's 12	TermOt t 256 47 45 47 10 WILL 1848 14 1338 14 5 17 17 17 17 17 17 18 18 18 18 18 18 18 18 18 18 18 18 18	21000 Thom N A \$22 2112 22 + 12 25234 Tor Dm Bk \$2314 2312 2314 + 18 7837 Torster R ( \$200 201 201 - 1	386.5 358 Degussa	SINGAPORE  1985 July 19 Price	11.5 5.40 HK China Gas 11.4 8.95 6.65 HK Electric 8.95 6.75 5.15 HK Kowloon Wh. 6.55 6.6 3.82 HK Land 6.55 8.5 7.30 HK Shanghai Bk. 66 92 58.9 HK Telephone 97.5
PrioCras 70 117s 113s 113s Shrided 48 1026 303s 301s 301s	Throther 1.28 44 48 477 4772 78 78 312 38 312 78 78 78 78 78 78 78 78 78 78 78 78 78	1112 Traders A I \$22 213 213 - 13 31745 Tiris Mu \$1213 1223 1223 1224 123 123 123 123 123 123 123 123 123 123	284.8 178.8 Dresdner Bank 284.8 174 147 GHH	High Low 5  1.86 1.39 Boustand Hidgs 1.47 2.78 2.34 Cold Storage 2.59 6.4 4.98 OBS 5.5	27.4 18.5 Hutchison Wga 57.4 0.98 0.65 Intnl. City 0.94 12.6 8.05 Jardine Math 12.4 7.75 5.1 New World Dev 7.75
Priem S31 4 34 14 16 SevCak 16 156 17 164 164 1 16 Priecons 70 111 113 113 113 113 113 113 113 113 11	Totus 117 1612 16 16 - 12 X Y Z	31745 Trins Mt 3121 <sub>6</sub> 122 <sub>6</sub> 123 <sub>6</sub>	117.3 97.5 Hoeson Werke 111 493 380 Holzmann (P) 435 190 163 Horten 182 317 280 Hussel 317	6.5 4.7 Genting 5.85	2.75 2.10 Onent O'seas 2,12 13.4 7.9 SHK Props 13.3 2.05 1.25 Shell Elect 1.25
Prison 531 4 34 4 4 5 SwColk 16 158 17 154 164 18 PricCros 70 111 114 114 113 SwColk 16 158 17 154 164 18 PricCros 70 111 114 113 SwColk 16 158 17 154 164 18 PricCros 70 115 114 113 Swcolk 16 158 17 154 164 18 18 18 PricCros 70 115 115 114 114 115 Swcolk 16 158 17 154 164 165 164 165 165 165 165 165 165 165 165 165 165	Todisys 17 31½ 29 31½ 21½ Xabec 332 3 2½ 2½ 1½ 1½ Traskau 338 12½ 11½ 12½ ½ ¼ Xabec 332 3 2½ 2½ 2½ 1½ 1½ 1½ 1½ 1½ 1½ 1½ 1½ 1½ 1½ 1½ 1½ 1½	34000 Turbo 4512 44 4512 +112 800 Unicorp A f 3838 978 988 475 Un Carbid 5121 1214 1214 +14 12207 U Eniprise 51178 1134 1134 -18	265 205.5 Kauthof	2.59   4.7   Genting   3.85	25.6 20.3 Swire Pac A 25.6 8.1 5.1 TV.8 8.1 2.7 1.65 World Int. H"dgs 2.2
Prison 531 4 35 4 7 6 SevCalc 16 156 7 1634 1634 - 19 Prison 70 1115 1134 1134 1134 1134 1134 1134 1134	TollSys 17 312 29 315 27; Traikdu 338 124 1112 126 4 14 126 322 33 3 3 3 3 124 1112 126 4 14 126 2 102 83 8 8 12 8 12 8 12 8 12 8 12 8 12 8 1	275 Un Carpus 311% 1134 114 - 15 250 U Keno 533 93 93 - 15 105 U Sacce 82 82 82 26600 Versil A f 455 450 450 - 5 7100 Vestgron 58 75 73 + 14 200 Weldwod 517 17 17 - 12	298 247 KHD. 288.5 82.2 59 Kioeckner. 59 515 361 Unde 488 418.5 180 Lufthansa 321.5 179.5 143.5 MAN. 166 203.5 149.7 Mannesmann 196	4 36 9 67 OUD 982	<del></del>
	Uniff 308 10% 10% 10% 10% 10% 100 270 11% 10% 11% 10% 11% 10% 11% 10% 11% 10% 11% 10% 11% 10% 11% 10% 11% 10% 11% 10% 11% 10% 11% 10% 11% 11	1112 Traders A I \$22 213, 213, -14  31745 Trns Mt 3121 <sub>6</sub> 123 <sub>6</sub> 123 <sub>9</sub> 87100 Trniny Res 410 400 405  53088 TrnAnta UA \$28 251 <sub>9</sub> 26  53028 TrCan PL 528 277 <sub>6</sub> 277 <sub>6</sub> -1 <sub>6</sub> 6040 Trlmac 430 425 430 +1 <sub>6</sub> 5200 Trion A \$215 <sub>9</sub> 211 <sub>4</sub> 213 <sub>6</sub> +1 <sub>6</sub> 1044 Trtsec A I \$281 <sub>9</sub> 211 <sub>4</sub> 213 <sub>6</sub> +1 <sub>6</sub> 1044 Trtsec A I \$281 <sub>9</sub> 211 <sub>4</sub> 213 <sub>6</sub> +1 <sub>6</sub> 1044 Trtsec A I \$281 <sub>9</sub> 28 8 -1 <sub>4</sub> 34000 Unicorp A I \$282 <sub>9</sub> 28 8 -1 <sub>4</sub> 34000 Unicorp A I \$282 <sub>9</sub> 99 <sub>9</sub> 99 <sub>9</sub> 475 Un Carbid \$121 <sub>4</sub> 121 <sub>4</sub> +1 <sub>4</sub> 250 U Keno \$312 <sub>9</sub> 99 <sub>9</sub> 99 <sub>9</sub> -1 <sub>8</sub> 105 U Secoe \$2 82 82  25600 Versil A I 455 450 450 -5  7100 Vestgron \$4 75 455 450 55 -5  7100 Vestgron \$4 77 17 7 -1 <sub>2</sub> 1000 Westmin \$125 <sub>9</sub> 125 <sub>9</sub> 125 <sub>9</sub> 2275 Weston \$87 861 <sub>9</sub> 87  145328 Weston \$87 861 <sub>9</sub> 87  104150 Yk Bear \$83 <sub>4</sub> 85 <sub>6</sub> 85 <sub>6</sub> -1 <sub>9</sub> 70tal \$8488 12,885,400 shares	418,5 160 Littinass	1.78 1.30 Public Bank	NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. S Dealings suspended and Ex dividend, and Ex scrip
			1,525 1,525,6075016		issue. Xr Ex rights. x3 Ex all.
		MONTREAL Closing prices July 19 352 BombrdrA \$14 14 14	119 81.4 Thyssen 114.8	SOUTH AFRICA	Get your News
		352 BombrdrA 514 14 14 15100 BombrdrB 5131 1314 1314 1316 13650 CB Pak 5224 2216 2216 11780 Cascades 51676 1616 162 1376 1716 1716 1716 1716 1716 1716 1716	229.5 165.7 Veba	1985 July 19 Price High Low Rand	early in Frankfurt

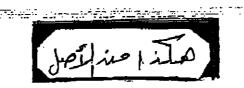
# FINANCIAL TIMES

is available early every Monday-Friday in many major Scandinavian towns

September   String    1112 Traders A I \$22 213, 213, -13, 8710 17117 84 3123, 123, 123, 123, 123, 123, 123, 123	284.8 178.8 Dressdner Bank 294.8 174 147 GHK 194.6 605 460 hochtief 605 245 183.5 Hoesth Werke 111 493 380 Holzmann (P) 435 190 163 Horten 182 317 280 Hussel 234.5 266 295 Kerstadt 234.5 265 205.5 Kauthof 265 295 295 18 361 Linde 284.5 295 Kloeckner 59 515 361 Linde 488 4185 180 Lufthansa 121 179.5 143.5 MAN 166 205.5 149.7 Mannesmann 196 802 609 Mercedes Hid 765.5 292 217.5 Metallgeach 282 1,990 1,062 Muenoh Rueck 1,930 645 513 Nixdorf 531 1,232 7306 240 Preussag 274.5	1.86   1.89   Boustand Hidgs   1.47   2.78   2.84   Cold Storage   2.59   6.4   4.98   OBS   5.5   6.5   4.7   Genting   5.85   2.69   1.88   Haw Par. Bros   2.15   2.74   2.82   Inchcape Bhd   2.27   1.9   1.28   Keppel Shipyard   1.37   6.48   5.25   Malay Banking   5.6   2.6   2.11   Malay Banking   5.6   2.6   2.11   Malay Banking   5.6   2.6   2.11   Malay Banking   5.6   3.05   0.76   Mult: purpose   0.88   9.55   8.25   OCBC   8.5   4.36   2.57   OUB   2.83   1.78   1.30   Public Bank   1.47   2.16   1.55   Sime Darby   1.36   6.85   5.40   Singapore Press   5.6   3.79   3.24   Strata Trading   3.26xc   2.95   2.46   Tare Lee Sk   2.53   4.66   3.70   UOB   3.8	
12501   MatBk Cda   322   255   211- 216   198	Closing prices July 19  352 BembrdrA \$14 14 14 8100 BembrdrB \$13½ 13½ 13¾ 13½ 13½ 1355 CB Pak \$22½ 22½ 22½ 1780 Cascades \$165 16½ 16½ 30304 ConBath \$175 17½ 17½ 1½ 1½ 1601 DeminuA \$11½ 11½ 11½ 11½ 12 88526 Gaz Metro \$115 11½ 11½ 11½	269.5 238 Rosenthal 260 510.5 439.5 Schering 482 585 478.4 Siemens 547.2 119 81.4 Thyssen 114.8 245 174 Varts 229.5 229.5 165.7 Veba 218.7 140 122 V.E.W. 134 346 500 Verein-West 338	1985 High Low Price Rand 1,95 1,15 Abercom 1,65 8.4 6.55 AE a Cl
New   Fig.   A color   A	150 MniTrst 516 16 16 12501 NatBk Cda 522 235, 211, 18600 Power Corp \$199, 195, 199, 199, 199, 199, 199, 199,	1985   July 19	70.25 45.0 Allied Tech
\$\frac{9.625}{6.790} \ 6.535 \ \text{Jacobs Suchard} \ 6.550 \ 180 \ 97 \ \text{Attas Copco} \ 106 \ 255 \ 1.990 \ \text{Jelmoli} \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	High Low Frs.  3,430 2,230 Adila Intl	1985 July 19 Price High Low Kroner  140 108 AGA	42.5 29 Rembrandt 40.5 18.25 14.9 Rust Plat 17.5 16.90 11.75 Safren 16.2 11.0 6.1 Sage Hidgs 11 9.0 5.8 SA Brews 6.8 29.75 19 Smith (C.G.) 29.5 7.45 5.4 Tongaat Huletts 7.45
940 530 Schinder (PICTS) 870 480; 350 Sababashia Free 490 177 153 Bco Hispano	6,700 £,535 Jacobs Suchard. 6,550 2,450 1,890 Jelmoll 2,450 1,980 1,570 Landis & Gyr 1,920 6,900 5,600 Nestle 6,400 1,585 1,290 Oer-Buchrie 1,520 373 259 Pirelli, 363 9,100 7,000 Sandoz (Pr 8,700 1,500 1,140 Sandoz (Pr Cts 1,1390	180 97 Atlas Copco	1885 July 19 Price P.ta % 1855 506 Bec Bilbao 316
	940 650 Schindler (PICTE) 870 1,390 1,000 Sika	350 315 Sandvik	177 153 Bco Hispano
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# YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Month 9-2016 3:334 - 278 - 2710 124 - 2710 Discert Disc 180s Heb
1844 1842
1874 48s
293 77s
3870 181s
18 44, 713 77 13 177 13 Faire 1/2 5: Flier 1.95
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| IPOw pr3 16 | 199 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 | 197 99 14 62 19<sup>3</sup>/<sub>8</sub> 347 66<sup>1</sup>/<sub>7</sub> 7 143<sup>1</sup>/<sub>8</sub> 705 11<sup>1</sup>/<sub>1</sub> 40 49<sup>1</sup>/<sub>4</sub> 171 10 108 21 1360930 178 27<sup>3</sup>/<sub>6</sub> 1048 32<sup>1</sup>/<sub>4</sub> 4884 8<sup>3</sup>/<sub>8</sub> 541 53<sup>1</sup>/<sub>4</sub> 238 27 12 32<sup>1</sup>/<sub>4</sub> 238 27 40 1 G 20e 1 20 1 1 20 1 GAF CD GAF 1 200 GG GAF 2 3 08 GAF 3 3 334 4194, 731 342 264 424 264 424 264 454 457 681 1078 681 1078 681 1078 681 1078 27176 55, 50, 321, 27, 431, 341, 504, 131, Dallass 66 3.4 70
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JapnF 353<sub>9</sub> 34°<sub>9</sub> 265<sub>4</sub> 11°<sub>5</sub> 47°<sub>1</sub> 633<sub>4</sub> 105 16°<sub>1</sub> 12°<sub>8</sub> 48 423<sub>6</sub> 25°<sub>8</sub> 26°<sub>2</sub> 20 23% 14 10% 26% 48 4517 90 1318 6 28 377 2178 2178 2178 35 4
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Apply pi 3 80 13 1 12 20 67 6 89 11 5 1 20 6 89 11 5 1 20 6 89 11 5 1 20 6 89 1 20 6 89 11 5 1 20 6 89 1 20 431<sub>2</sub> 25<sup>4</sup><sub>1</sub> 131<sub>2</sub> 25<sup>4</sup><sub>1</sub> 131<sub>2</sub> 25<sup>4</sup><sub>1</sub> 131<sub>2</sub> 131<sub>3</sub> 131<sub>4</sub> 131<sub>2</sub> 131<sub>3</sub> 201<sub>4</sub> 131<sub>2</sub> 131<sub>3</sub> 201<sub>4</sub> 131<sub>2</sub> 131<sub>3</sub> 201<sub>4</sub> 131<sub>2</sub> 131<sub>3</sub> 201<sub>4</sub> 131<sub>2</sub> 131<sub>3</sub> 131<sub>4</sub> 131<sub>2</sub> 131<sub>3</sub> 131<sub>4</sub> 131 



# **TE CLOSING PRICES**

# AMEX COMPOSITE CLOSING PRICES Closing prices, July 19

Stands Blas Integral Stock 12.20
Robin 12.20
Robin 12.20
Robin 13.27
Robin 2.40
Robin 3.40
Robin 2.40
Robin 3.40
Robin 3 127g 134 212 123g 157g 177g 40% K ToreCo .40 2.4 10
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TWA pf2.23 15
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Avond 404 1913 405 1913 300 173 3 191, 171, 233, 1 DWG
Demsor
Demso 178 355 1278 234 147 27 372 218 174 2818 71 62 728 132 9 37 62 1951 63 90 119 246 653 874 872 1374 11 403 2878 S.IWCp
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Tina 712 514 316 2011 36 1234 635 22 21/2 62/3 + 1<sub>8</sub> 11<sup>1</sup>9 + 1<sub>4</sub> 5<sup>3</sup>4 15 - 2<sub>8</sub> 9 - 1<sub>8</sub> 73g 55e 3 2012 36 1212 61a 122 212 6214 1114 512 15 S 2 13 10 13 1312 1 3812 1 3 15-16 1612 4 43 1 1218 2318 514 7012 1314 131/4 159 81/2 3 15-16 181/2 393/4 123/9 51/8 103/9 123/6 81/4 185<sub>8</sub> 45<sub>8</sub> 133<sub>4</sub> 77<sub>8</sub> 277<sub>6</sub> 301<sub>8</sub> 24 151<sub>4</sub> 165g 4 3 147g 8 285g 30 3 24 153g 714 618 313, 29 1418 22 1538 1118 2114 1718 .12 10 21 21 18 ,44 13 51-17-8 111-2 351-8 301-1 37-8 11-16 22 421-9 113-1 13-1 13-1 13-1 576 172 34:3 30:2 30:2 41:4 32:4 12 11:4 13 1688 555 3316 555 1287 1288 1555 1287 1288 1555 1287 1288 1555 1287 1288 1555 1287 1288 1555 1287 1288 1555 1287 1288 1555 1287 1288 1555 1287 1288 1555 1287 1288 1555 1287 1288 1555 1287 1555 1287 1288 1555 1287 1555 1287 1288 1555 1287 1288 1555 1287 1288 1555 1287 1288 1555 1287 1288 1555 1287 1288 1555 1287 1288 1555 1287 1288 1555 1287 1288 1555 1287 1288 1555 1287 1288 1555 1287 1288 1555 1287 1288 1555 1287 1288 1555 1287 1288 1555 128 232 3 316 t 882 43 26 24 1 137 15 20 21 471; 524 1514 678 1012 383; 17-16 2878 743; 743; 743; 743; 978 1874 1778 15 15 1578 2814 1578 2814 4012 978 614 1474 2817 3312 1678 51g 103g 41g 55g 171g 22'6 1958 4'8 1058 3834 2678 258 334 1235 7436 4 OVER-THE-COUNTER 2162 3185 Nasdaq national market, closing prices, July 19 ChryE
ChiChi
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Coulch
Count
C denicible of the property of t | 188 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 140 | 151 | 141 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 | 151 .40b .80 1.80 1.60 1.60 1.02b 1.08 1.10 1.12 .48 .20 2.10 1.04 .50a .38 PSVMM2 S8 10. 9 2610 29 267
PSVEG2 84 9.0 8 1524 3172, 3116
PSEG pri.40 10. 1 14 14
PSEG pri.40 10. 1 124 14
PSEG pri.40 11. 234000075 35
PSEG pri.528 11. 2194094 192
PSEG pri.243 11. 22 1099 4192
PSEG pri.243 11. 22 194094 192
PSEG pri.243 11. 22 194094 192
PSEG pri.243 11. 280 11082-10859
Pseg pri.225 11. 280 11082-10859
Pse 19% - 39 32% + 14 35% + 14 49 + 14 2374 29 + 1 2614 + 38 ASoliar ASurg ASoliar ASurg ASoliar ASurg Asuritrs 1. Amrivest American Amrives 1. Amrivest American Amrivest American American American American American Apolecc Appleco App Compared Com Flow's Flurech Flow's Flurech Flow's Flurech Flow's Flurech Flow's Flurech Flow's Flurech Flow's Flow's Flurech Flow's Fl 578 14 214 226 177 35 9 286 28 55 117 285 8 117 285 8 3a 1.68a 3 1.48 08 2.20 .01e .80 2 .30 .14 .80 .44 .94 .34 .20 1.20 .88 .20 .32 .32 .56 Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock disidend amounting to 25 per cent or more has been paid, the year's high-low range and disclaims as shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements besed on the latest declaration. Сp a-dividend siso extra(s). b-enraual rate of dividend plus stock dividend. o-Equidating dividend, cid-called d-naw yearly low, e-dividend declared or paid in preceding 12 months. g-childend declared or paid in preceding 12 months. g-childend declared strong space to 15% non-residence as L-dividend declared strong space to 15% non-residence as L-dividend declared, p-dividend paid title year, omitted, deferred, or no action taken at latest childend meeting, k-dividend declared or paid this year, an accuratestive issue with dividends in arrests. n-new issue in the cast 52 weeks. The high-low range begins with the start of trading, nd-mett day delivery. P/E-price-earnings ratio. n-dividend declared or paid in preceding 12 months, pass stock dividend. s--stock spit. Dividends begins with date of spit, stessels. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high, w-trading helted, vi-in bankruptcy or receiverships assumed by such companies. w-distribution, w-with werrants, x-ex-dividend or ex-rights, x-dis-ex-distribution. The process of the pro .12 1.04 .129 1.46 3314 4672 2448 938 25 1712 1534 2274 5434 2834 1038 5412 1814 2038 3619 141<sub>2</sub> 63<sub>8</sub> 40 181<sub>2</sub> 63<sub>8</sub> 211<sub>8</sub>

## CURRENCIES, MONEY and CAPITAL MARKETS

## FOREIGN EXCHANGES

# Dollar down but not out

POUND SPOT-FORWARD AGAINST POUND

1.3885-1.3995 0.52-0.49c pm 1.8825-1.8875 0.54-0.45c pm 4.534-4.542 23-24c pm 31.20.81.30 30-25c pm 14.431-14.442 37-24cre pm

11.64<sup>1</sup>-11.71<sup>1</sup>. 11.65<sup>1</sup>-11.65<sup>1</sup>. <sup>1</sup>4 pm-par 12.16<sup>1</sup>-12.43<sup>1</sup>. 12.27-12.28 3-24c pm 11.72<sup>1</sup>-11.79 11.72<sup>1</sup>-11.73<sup>2</sup>. 2<sup>1</sup>-3-3 pore dis 13.21-334<sup>1</sup>4 33.3234 1.75-1.659 pm 23.21-23.44 23.36-28.44 15<sup>1</sup>-14gro pm 23.31<sup>1</sup>-3.34<sup>2</sup>. 3.31<sup>1</sup>-3.32<sup>2</sup>. 2<sup>1</sup>-1<sup>2</sup>c pm

Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

8.10760 2.25359 6.84032 2.53612 0.718483

Changes are for Ecu, therefore positive change denotes a week currency. Adjustment calculated by Financial Times.

0.54-8.49c pm 21-214c pm 30-25c pm 31-214cre pm 0.30-0.14p pm 21-214pf pm 120-475c dis 25-50c dis

If comments by Mr Malcolm Baldrige, U.S. Commerce Department Secretary, are to be believed, then it would seem that the dollar is being encouraged to fall in a very round about and clouded fashion. Speaking after the release of revised second quarter GNP figures, Mr Baldrige expressed his desire to see a cut in the value of the dollar by about 25 per cent of its current value.

Unfortunately, politicians, and indeed all of us, rarely get what they want. What is certain is the seemingly organised disporderly fashlon in which the market is fed with economic data and projections about the U.S. the authorities it is a matter of softening the burden. With GNP suffering a further downward revision, the need to provide some sort of sumulus becomes more pressing. However the prospect of a lower discount rate may have been put on ice for the time being because of problems with Mr Reagan's budget proposals and Mr Volcker's clearly indicated desire

1.3940-1.4080 1.8825-1.8940 4.51-4.56 80.56-81.59 14.431-14.56 1.2821-1.2967 4.01-4.05 231-2371, 2321-236

OTHER CURRENCIES

economy. That the dollar is down but not yet out could merely be a result of the confused and sometimes contradictory interpretations arrived at in the market. Most people are fairly sure that the dollar is likely to fall still further. For the authorities it is a matter of softening the burden.

p.a. months
4.33 1.32-1.27pm
3.15 1.31-1.77pm
5.96 61-51apm
4.06 62-53pm
2.75 81-71apm
2.06 0.75-0.45pm
-15.26 476-1895d
-1.92 145-195ds

0.38 1½-24dis 2.57 6½-54pm -3.07 84-84dis 6.12 4.57-4.43pm 6.21 39½-34pm 7.45 54-54pm

28.20 28.50 81.30 82.10 14.43-14.57 12.18-12.31

±1,5471 ±1,6419 ±1,1475 ±1,3669 ±1,5171

# not to pursue any course of action that could be remotely construed as inflationary. The dollar's weaker trend has not produced as yet the more usual domino effect on other currencies. The EMS is becoming increaseingly more mature helped by sterling's recent attraction. The latter has effectively prevented any strain building up, due to a sharp rise in the value of the D-mark, simply because funds moving out of the dollar have found sterling's attraction preferable to the D-mark.

D-mark.

July 19 Previous 83.8 83.8 83.8 83.9 83.8 83.8 84.1 83.8 83.9 84.1 83.9 83.8 83.8 84.7 83.8 83.5 10.00 am ..... 11.00 am ..... £ IN NEW YORK

STERLING INDEX

July 19 Prev. close \$1,3930 1,3950 81,4015-1,4025 0,51-0,49 pm 0,53-0,52 pm s 1,30 1,28pm 1,32-1,30 pm s 3,30-3,15pm 3,43-3,35 pm

FORWARD (	RATES	AGAIN	IST ST	FERLIN	IG
	Spot	1-month	3-month	6-month	12-month
Doller D-Mark Franch Franc Swiss Franc Japanese Yen	3.3200	1.3940 4.0159 12.2518 3.2999 328.80	1.3861 3.9731 12.2370 3.2646 326.0	1.3766 3.9159 12.2559 3.1216 322.15	1.3663 3.8256 12.2594 3.1344 316.05

## BANK OF ENGLAND TREASURY BILL TENDER

	July 19	July 12	July 19	July 12
Bills on offer Total of applications	£455.735m	£100m £465.2m	Top Accepted rate of discount. 11,17063	11.5115 %
Total allocated Minimum	£100m £97.215	£100m £97.13	rate of discount 11,13252 Average yield 11,453 Amount on offer	11.4987), 11,84 <u>1</u>
Allotment at minimum level	493	53%	at next tender £100m	£100m

## DOLLAR SPOT-FORWARD AGAINST DOLLAR

July 19	spread	Ciosa	One month	p.a.	Three months	p.a.
UK†	1.3940-1.4080	1.3965-1.3995	0.52-0.49c pm	4.33	1.32-1.27pm	
irelandt	1.0750-1.0937	1.0750-1.0800	0.25-0.15c pm	2.20	0 60-0.40pm	1.83
Canada	1.3430-1.3482	1.3430-1.3440	0.12-0.15c dis	-1.20	0.34-0.39dis	-1.08
Nethind.	3.2140-3.2580	3.2490-3.2500	0.43-0.40c pm		1.44-1.47pm	1.75
Belgium		3.2490-3.2500	4-5c dis	-0.93	13-15d/s	-0.57
Denmark	10.31-10.40%	10.364-10.364	1-112 ore dis	-1.45	314-314dis	-1.36
W. Ger.	2.8570-2.8950	2.8860-2.8870	0.73-0.68pf pm	2.95	2.18-2.13pm	3.01
Portugal	166 <sup>1</sup> 2-168	167-168	150-400c dis			-21.56
Spain Italy	165.35-167.25	165.70-165.80	83-93c dis		275-305dis	-7.00
Norway	8.32-8.38	8.344-8.344	212-3ore dis	-3.56	8½-9½dis	-4.32
France	8.70-8.78	8.77%-8.77%	1.20-1.30c dis		3.50-3-80dis	
Sweden	8.37-8.412-	8.4014-8.4014	5-5'-ore dis	-7.52	14-14 <sup>1</sup> /dis	-8.87
Japan	237,20-238,70	238.55-238.65	0.37-0.33y pm		1.07-1.02pm	1.76
Austria	20.144-20.335	20.21-20.24	312-214gro pm		10-7 <sup>1</sup> 2pm	1.74
Switz.	2.3720-2.3870	2.3770-2-3780	0.62-0.56c pm	2.98	1.79-1.73pm	2.96
† UK	below struct	ere quoted in l	U.S. corrency.	Forward	premiums a	ಗಡೆ

Belgian rate is for convertible francs. Financial franc 58.10-58 20.

## CURRENCY MOVEMENTS CURRENCY RATES

July 19	Bank of England			rate	Special Drawing Rights	Currency Unit
Sterling U.S. dollar Cenadian dollar Austrian schiffing Beiglan franc Danish Kroner Deutsche mark Swiss franc Guilder French franc Yen Morgan Guaranty 1980-1982=100. Bar	115.0 70.4 78.9 124.3 146.0 114.7 66.4 159.2	-	Sterling U.S. S Canadian 5. Austria Sch. Belgian Fr. Danish Kr. Danish Kr. Guilder Guilder French Fr. Lira. Norway Kr. Span'h Pta. Swedish K. Swiss Fr. Greek Dr'ch	412 918 7412 512 912 1512	20,7272 59,3835 10,6185 2,95047 3,32381	0.783722 1,05528 15,8469 45,6635 8,10760
Chase sversce 1975	_		*C\$/SDR r	are fo	t July 18:	1 39088

## **EXCHANGE CROSS RATES**

8.14104 2.24184 6.87456 2.52595

Belgian franc ... Danish krone ... German D-merk.

									·	
July 19	Pound Striing:	U.S. Dollar	j Deutschem k	( 4 ралезе Уел	French ra ic	Swiss Franc	Dutch Guild	italian Lira	Canada Dolla	ar Belgian Franc
Pound Sterling U.S. Dollar	0.715	1.399 1.	4.040 2.887	333,5 238,6	12 28 8,778	5.520 2,578	4,588 3,250	=	1 885 1,:47	81.25 58.05
Deutschemark Japanese Yen 1,000	0.248 2,999	0.346 4,195	12,11	82,55 1000.	5.038 36,81	0.822 9.955	1,123 13,61	=	0.467 5.652	20.11 245,6
French Franc 10 Swiss Franc	0.815 0.301	1.140 0,421	5,291 1,217	271.7 100,5	10. 3.697	2.705 1.	3.697 1,367	Ξ	1,536 0.568	66.19 24.47
Dutch Guilder Italian Lira 1000	0,220	0,308	0,890	73.50	2,705	0.752	1.	=	0.415	17.91
Canadian Dollar Belgian Franc 100	0,531 1,231	0.742 1.722	2.143 4.972	176,9 410,5	6,512 15.11	1.761 4.086	2.407 5,585		2.320	43,10 100.

## **EURO-CURRENCY INTEREST RATES (Market closing rates)**

July 19	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgiai Conv.	Franc Fin.	Yen	Danish Krone
Short-term	1258 1258 1859 1258 1254 1258 1154 1258 1154 1158 1154 1158	715 8 14 714 713 774 8 8-818 8 8 8 17 8 8 8 8	881g 854 878 874 918 832 956 918 936 934 958	612 614 612 614 616 616 616 616 614 616		5.518 5.518 5.4.538	958 934 958 954 1034 11 1014 1034 1014 1034 11-1112	11-12 10 <sup>3</sup> 4-11 <sup>5</sup> 4 11 <sup>1</sup> 4-11 <sup>5</sup> 4 12-)2 <sup>1</sup> 5 13-13 <sup>1</sup> 2 14 <sup>1</sup> 8-14	854-9 876 915 9 914 9 916 916-916	95e 97a 85e 97a 814 91a 87a 91a 9.914	614-659 614-659 614-659 614-659 614-659	95 <sub>8</sub> -101 <sub>4</sub> 95 <sub>8</sub> -101 <sub>4</sub> 93 <sub>8</sub> -97 <sub>8</sub> 95 <sub>8</sub> -97 <sub>8</sub> 91 <sub>2</sub> -10 95 <sub>8</sub> -101 <sub>6</sub>

Asian S (closing rates in Singapore): Short-term 713, 773, per cent; seven days 713, 713, per cent; one month 74.8 per cent; three months 81, 83, per cent; one year 81, 83, per cent. Long-term Eurodollars: two years 92, 92, per cent; three years 913, 104, per cent; four years 104, 104, per cent; four years 104, 104, per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

## MONEY MARKETS

# Bank of England urges caution

+0.61 -0.69 +0.24 -0.78 -0.12 -1.27

Last week's improvement in the pound has probably caused a little embarrassment at the Bank of England. White the CBI calis for a reduction in interest rates and some relief for exporters through a weaker pound, the authorities are keenly aware of and no doubt constricted by other factors which aware of and no doubt con-stricted by other factors which could come to the fore through a concession to CBI wishes.

At the base of it all there seems to be a strong desire to avoid the trauma of earlier this year when rates were jacked up

UK clearing banks base-lending rate 12 per cent since July 11-16

to control sterling's sharp de-cline to record lows. That this has been a success is without doubt but unfortunately the plan, if there is one, could hardly have been expected to take on board the dollar's recent depreciation. Suddenly sterling is flavour of the month and any corrective measures may ultimately carry the risk of reversing a surge of hot money and create problems

## FT LONDON INTERBANK FIXING

(11.00 a.m. July 19) 3 months U.S. dollars								
bld 8	offer 8 1/8							
6 months U.S. dollars								
bid 8 5:18	offer 85/16							

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for SiOm quoted by the market to five reference banks at 11 s.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutachs Bank, Banque Nationale de Paris and Morgen Gusranty Trust.

## MONEY RATES

July 19	Frankfurt	Paris	!	Zurich	Amst'dam !	Tokyo	Milan	Brussels		Dublin
Overnight	5.1 5.2 5.2 5.3	93g 934-93g	Ţ	138-139 417 Bris	6-6-63 6-6-6-3	6.15525 6.34875	141g-147g 135g 14	10,00 858 854	:	=
Two months		93, 976 93, 978 978-10		5 510	614-63g 61g 61g	6.34375	144-1456	8:3 8:3 4:08	:	=
Lombardintervention,		958		=	65g	Ē	Ξ.	=		Ξ

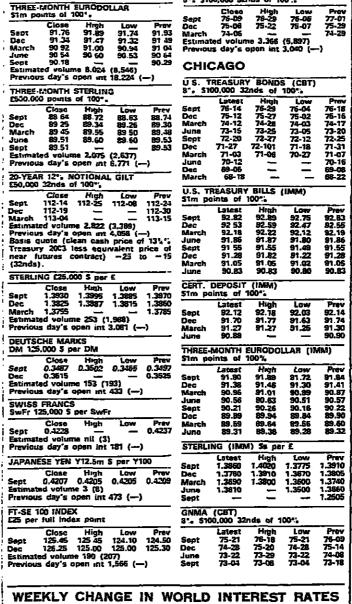
LONDON MONEY RATES			Di	scount	Houses	Depos	dt and	BIII	Rate	
July 18 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company	Market Deposits	Treasury	Treasury (Sell)	; Eligible : Sank : (Buy)	Eligible Bank (Sell)	Find Trad
Overnight		8.13	121 <sub>2</sub> 121 <sub>2</sub>	1112-13	9-1234			<del></del>	_	<del></del>
7 days or	i —	1230-1234	1212	125a-127g	124	٠ <u> </u>	! =	! E	=	! =
One month Two months	. 12 - 12,7		124	121g	12 11 le	11.2	117	115 115	113	12%
Three months.	1169-11.	1134-11-4		15.	1114	115	114	115	1114 10,6	12
Nine months	114116	1140 11:4		'	_	_		-54		;

	Local Auth. negotiable bonds	Lecal Authority Deposits	House	6 Cert   of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month Two months Three months Nine months One year Two years Four years Frue years Frue years	12:8-11:8 11:8-11:8 11:2-11:4 11:4-11 11:4-11		. 115g :	7.8-7.9 7 8-7.9 7.85-7.95 8.1 8.2 8 25-8,35 8.4 8.5	7¼ 8 7½ 7⅓ 7¾ 8 7% 8⅓ 8, 8, —	9.914 9.914 9.914 9.914 — —
ECGD Fixe (inclusive): 12 notice, others Finance Houses Closing Bank seven days' no al discount 11 £100,001 and ocent: three-six	seven days'  ' Association  Rate for leretice 8.25-8.6;  1325 per ce  ver held und	nt, Local a fixed. Fina n): 13 per c iding 13 per 25 per cent nt. Certifica ler one mor	nce House ent from . er cent. B (nei). Tr ites of Ta ith 12 per	end finances Base R July 1 1988 July 1 1988 Jank Deposits Sank Deposits Cent: One	e houses : ett (publis i. London a: sit Rates fo s: Average i (Senes 6; -three mont	seven day hed by the nd Scottisi or suma a tender rete ): Deposite he 112 on

_		
14 114 114 114	MONEY RATE NEW YORK (4 pm) Prime rate	9 <del>1,</del> 81 <del>2.</del> 81. 71.
ly 2	Treasury Bills One month Two month Three month Siz month One year	6 85 6 85 7.15 7.26 7.36
the than rate rate por e-12 held per	Treasury Bonds Two year Three year Four year five year Seven year 10 year 20 year	99½ 102 100¼ 100¼ 101 105% 106%

## **FINANCIAL FUTURES**

LONDON



WEEKLY CHANGE IN WORLD INTEREST RATES						
LOUBON	July 19	change	NEW YORK	July 19	change	
LONDON Base rates	12-121-	linch'd	Prime rates	912	Unch'd	
7 day Interbank	12 :	- la	Federal funds	ă"	+ 14	
5mth Interbank	1176		3 Mth. Treasury Bills		+0.05	
Treasury Bill Tender	11.1325		6 Mth. Treasury Bills		+0.04	
Band 1 Bills	1178		3 Mth. C D	7.75	+0.06	
Band 2 Bills	11.4	Unch .d				
Sand 3 Bills	1152		FRANKFURT			
Band 4 Bills	11-3			: 6.0	:Unch'd	
3 Mth, Treasury Billia	114	-2			- 0.10	
1 Mth. Bank Bills	11	- 3		5.326	-0.025	
3 Mth. Bank Bills	115	_ ii	I III CC M-CII			
O MILL DOWN BUILD		, '	PARIS		;	
TOKYO			Intervention Rate	₽5e	i_14	
One month Bills	6.34375	<b>+0.0625</b>	One took leasehand		`~ n}	
Three month Bills	6,34376	Unch'd	Three month	9:2	11K	
BRUSSELS	•		MILAN			
One month	8.4	 	One month	15.1	- 4	
Three month	. 83.	-4	Three month	1414	Unch'd	
AMSTERDAM			DUBLIN			
One month	51:	4	One month	_	-	

# NOTICE OF EARLY REDEMPTION

Bergen Bank A/S (Incorporated under the laws of the Kingdom of Norway)

US\$25,000,000 FLOATING RATE CAPITAL NOTES **DUE 1989** 

NOTICE IS HEREBY GIVEN that pursuant to Condition b(c) of the Notes, Bergen Bank A'S will redeem all of the Notes at their principal amount on the next interest payment date, 30th August 1985, when interest on the Notes will cease to accrue.

Repayment of principal will be made upon presentation and surrender of the Notes, with all unmatured coupons attached, at the offices of any of the Paying Agents mentioned thercon.

Accrued interest due 30th August 1985 will be paid in the normal manner on or after that date against presentation of coupon No. 23.

> Bankers Trust Company, London Principal Paying Agent

22nd July 1985.

# The Diary of a Somebody

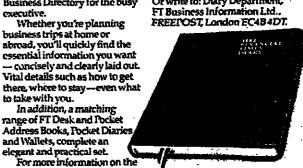
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# RIUNIONE ADRIATICA DI SICURTA' MILAN - ITALY

The Annual General Meeting of Riunione Adriatica di Sicurtà was held in Milan on 25th June 1985 with Mr. Franz Schmitz in the chair. The Meeting adopted the Company's Accounts for the year ended 31st December 1984, highlights from

which appear on the right. After a transfer of Lit. 16 bn. to reserves, the net profit amounted to Lit. 20.4 bn., 36% higher than in 1983, and a dividend of Lit. 1,000 per share was declared that will be payable as from 16th July 1985. In their Report, the Directors state that premium income from direct business in Italy reached Lir. 1,000 bn., an advance of 17.2% on the previous year.

Growth in the Life Branch was again most satisfactory, with premium volume up by 27.3%. In the General Branch, a creditable increase of 14.9% was achieved. Underwriting results show an overall improvement, though losses continue to be incurred in some accounts, notably Third-Party Motor Liability.

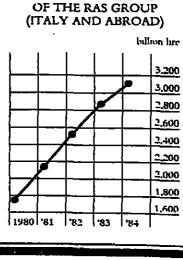
The Company's total investments amounted to Lit. 2,307.7 bn., which produced net income of Lit. 214 bn., a 28% improvement over the previous twelve months.

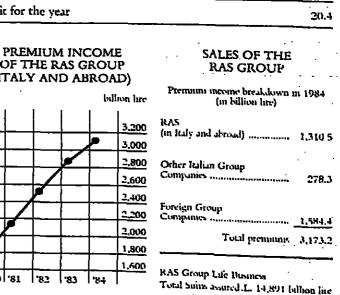
As Extraordinary Business, the Annual General Meeting approved proposals to merge two wholly-owned property subsidiaries into RAS, to delete the so-called acceptability clause" from the Company's Articles of Association and to reduce the minimum and maximum number of Directors and Statutory Auditors permitted by the Articles.

Elections to the Board and Statutory Audit Committee were made accordingly. Franz Schmitz, Detlev von der Burg and Umberto Zanni were reelected Chairman, Deputy Chairman and Managing Director respectively.

## HIGHLIGHTS OF ACCOUNTS RAS ONLY, DOMESTIC AND FOREIGN BRANCH OFFICES (in billion lire)

	1984
Premium Income	1,310.5
Investment Income	250.6
Claims, Maturities and other Benefits paid	721.9
Insurance Reserves, Non-Life Branch	1,222.6
Insurance Reserves, Life Branch	910.8
Life Sums assured	6,935.1
Share Capital	87.5
General Reserves	542.7
Profit for the year	20.4





## **SECTION III**

# FINANCIAL TIMES SURVEY

The Gulf recession is hurting Bahrain. The last year has been free of serious political incidents but unemployment is emerging as a problem. Bahrainis regard this as more important than sectarian issues,

# Worries surface as recession bites

By MICHAEL FIELD

"BAHRAIN MAY be on the verge of serious economic prob-lems that will turn into social problems," said a member of the island's expatriate community recently. The speaker was a man who had spent a number of wars in Palacian and the property of wars in Palacian and the page 1988 and 1988 and 1988 are regarded as being rather minor. Recently there have been some arrests in the number of years in Bahrain and knew the society well.

The Bahraini economy is not politics.

like those of its big oil exporting neighbours, where the recesfound in a village last year was

Rather as a service economy periencing a moderate decline associated with the poor and in activity across the board, downtrodden.

ployment, which in a relatively poor Gulf economy are serious.
Ironically these problems
have come at a time when in a
purely political sense the island is more relaxed than it has been for most of the time since the Iranian revolution of February 1979.

security services, linked to a reported discovery of arms at "You find a sense of foreboding," he continued. "And sometimes it is difficult to see how presence of arms have been presence of a manufacturer of a manufac times it is difficult to see how Bahrain is going to get through — though one assumes it will always have Saudi support."

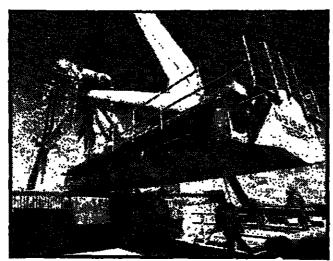
In the last 12 months, as the last 12 months as the measurement of arms have been presence of arms have been confirmed by the Bahraini authorities. They are not thought to be associated with any serious challenge to the regime, but are simply a reflections. recession caused by the oil glut regime, but are simply a reflection taken hold of the Guif, tion of the violent state of the Bahrainis have become much more worried about their future.

The Bahrainis constitutes the state of Arab constitution of the violent state of the Bahrainis have become much more worried about their future.

sion has shown itself in a big believed to have been a relic drop in oil revenues and a huge of the plot of December 1981, cut in the award of Government when a group of Bahraini Shias, contracts, but little prospect of with the backing of Iran, was real hardship for the citizens.

Bethingstone and a huge of the plot of December 1981, when a group of Bahraini Shias, who real hardship for the citizens. discovered to be planning a coup d'état. The Shias, who bolstered by oil exports which make up some 70 per vat of the are not big enough to fluctuate Bahraini population, are much in response to the level members of the schismatic and of demand. Bahrain is experiencing a moderate device the schismatic and mystical sect of Islam which is

more as industrialised countries Last year the Government do in recession. This may not closed the Islamic Enlighten-



life of the majority community. It has been suggested that the problem is more episodic the Government might have than chronic. The leading been wiser to have left the families of the two communities been wiser to have left the society in being and had Shia activities more in the open, but in any event the closure does not seem to have had specific disruptive con-

It is thought that the externist element among the Shias, which would favour the introduction of an Islamic republic in Bahrain, may amount to anything between 10 and 40 per cent of that community. There must be more who would broadly support a redistribution of wealth and an improvement

in the Shia social status. Despite this there seems to be less consciousness of the division between the Sunni and Shia communities than there was in the early days of the revolution in Iran, which has a predominantly Shia population. sound very alarming but it ment Society, a Shia self belp brings with it the prospects of organisation, which ran schools, a fall in personal incomes, taught advanced courses and dashed expectations and unemplayed an important role in the have been many incidents of

Sunni-Shia violence in Bahrain enjoy good relations with each Tensions between the two

communities have also been lessened recently by Bahrain's more relaxed view of Iran. Nobody trusts the revolutionary regime in Tehran but it is felt that there is much less chance of the revolution being exported than there was in its early Certainly there has been less fear of the Gulf war affecting

Bahrain since Iranian and Iraqi attacks on oil tankers began last summer and proved not to be the disaster for the region that had been feared. All of these issues of sectarian divisions, conspiracies and external violence are much less to the forefront of people's

minds than the state of the The downturn is showing



The Prime Minister, Sheikh Khalifa, presses the hutton which slides the last hox girder (left) into place in the causeway linking Saudi Arabia and Bahrain

Contents	
he Khalifa family tree Profile: Prime Minister	2 2
Conomy ndustry	3 3
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he Causeway	6

future - there is the worry of what might be the social con-

nationals in their own states.

In Bahrain there is a genuine

working class of nationals,

which there is not anywhere else in the Gulf. The Bahraini

itself in a reduction in Government spending, the closure of some of the offshore banks and a fall in the expatriate popula-tion. Most businesses are suffering from declining turn-overs and much reduced profits.

For the middle classes the pain of recession has been made more acute by their resentment of the business dealings of Sheikh Khallfa bin Sulman, the Prime Minister, and a few other members of the ruling Khalifa family, notably his younger brother, Sheikh Mohammad.

It is admitted that by the standards of the business deal-

ings of ruling families else-where in the Arabian Peninsula, Sheikh Khalifa's activities are minor. In a Bahraini context, however, they are unusual and it increments they attract attention.

For the Bahraini population leavers. thought to be unnecessary and liable to discourage work.

Many of those who do not face unemployment are having to reconcile themselves to reduced expectations. as a whole - including the business community when it takes a broad view of the

rising prosperity a large number of Bahrainis — predominantly Shias — from relatively poor families have joined banks or industrial companies at a pressure are not as well endowed with sequences of unemployment.

Bahraini nationals make up a much bigger proportion of the total population of the island than do other Arabian young age and worked their way up into technical or middle management jobs.

They have become members children and younger brothers socially tolerant ruling family and members of other poor and this, combined with the families are going to find it long British influence, has

population, particularly the Shia element, is growing fast. There are already signs that much more important than sectarian things," is the judgment lems. of a prominent Bahraini, "It is Ab unemployment is increasing. There are isolated cases of of a prominent Bahraini, "It is poverty and hunger that drives dissatisfied Bahrainis realise people to revolution. I remember that a taxi driver said to me once 'whenever I'm out of a job is much pleasanter than any I go on to the streets,' and I likely alternative. graduate unemployment, which could be very destabilising if it increases, and there is also unemployment among school

These people tend to write think they is a representative

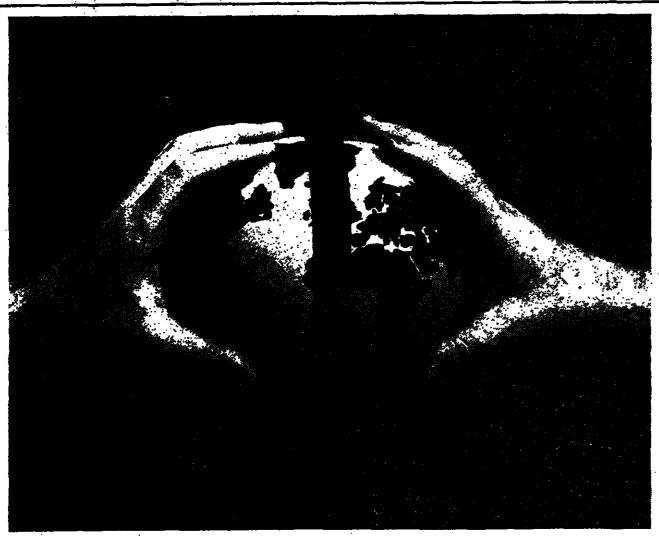
to the newspapers in groups, signing themselves, for example, view."
Nobody in Bahrain is suggest-"eight school leavers from ing that the island faces any Hidd." and saying that despite immediate prospect of political their efforts they have been unable to find jobs.

The ball is a second in the island faces any immediate prospect of political upheaval. But it is noticeable unable to find jobs. Unemployment benefit does not exist in Bahrain or other Arab countries. In societies which are still based on the extended family the benefit is

more disturbed and resentful. This must make Bahrain more vulnerable to external subversion and the effects of unemployment.

xpectations. What makes it more likely In the past 15 years of rapidly than not that the island will

are not as well endowed with oil as their neighbours and that they therefore have to work harder if they are to prosper. They have become members They live under what has of the middle classes, but their always been a religiously and difficult to copy their progress. given society a pragmatic,
"These social problems are moderate and very decent
much more important than sec- approach to solving its prob-



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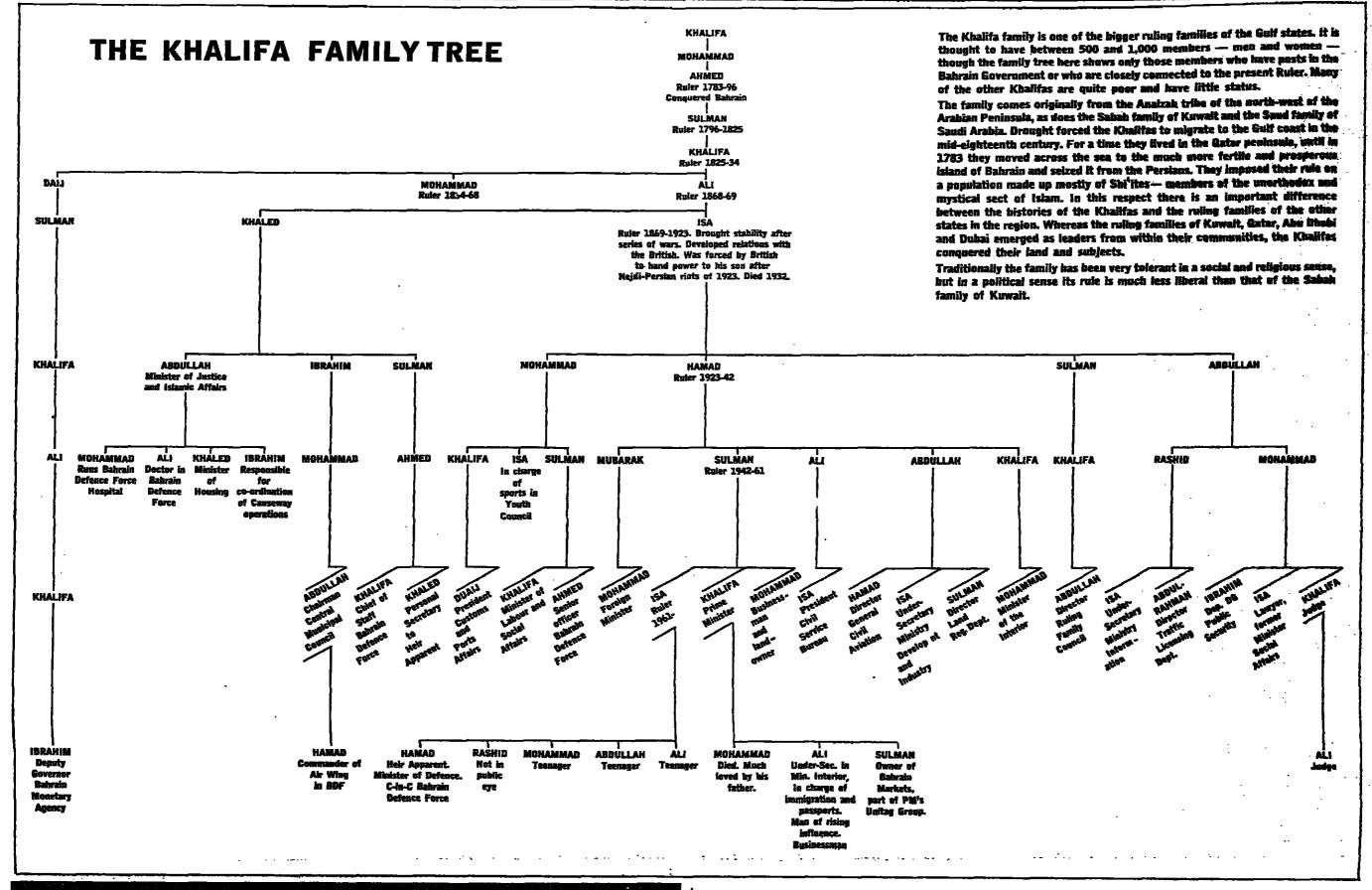


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PROFILE: SHEIKH KHALIFA BIN SULMAN AL KHALIFA

# Lonely man at the helm

"Sheikh Khalifa is a tough, complex man," a Westerner who had got to know him well-once remarked. "His brother (Sheikh Isa, the Ruler) has a black and white view of the world. He speaks in very short sentences and produces simple ideas — though he has sound instincts. Khallfa on the other hand sees many sides to every question and sometimes he is rather difficult to follow,"

Bahrain is unique among the Arabian Peninsula oil states in that the effective power in the country is not the Ruler, who has a position which is slightly like that of a constitutional monarch, but the Ruler's brother, Sheikh Khalifa.

Khalifa.

All the problems that face Bahrain are Khalifa's responsibility. It is he who has to take the difficult decisions and it is to him that people go when they want the Government to act on some issue. He is not popular, but he is feared and respected.

## ' It is he who has to take the difficult decisions'

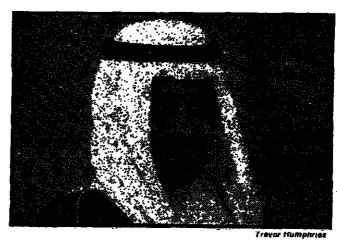
When people go to his mails (council chamber) with requests or complaints they say what they want to say to Khalifa quietly when their turn comes. There is none of the noisy general debate or outspoken direct debate or outspoken direct criticism that one finds in the majlis of Shelkh Saad al Abdullah, the Kuwaiti Prime Minister, for example. When they are not being spoken to, Sheikh Khalifa's visitors sit

shearn knailfa's visitors sit in silence.

The Ruler, Sheikh Isa, in contrast, has a rather pleasant job. When people have been offended by Khalifa's decisions it is Isa—who is a smiling figure with immense charm—who snooths things over. Isa is extremely popular; he is generous and accessible. Although he has handled the day-to-day administration of his state to his brother, it is known that ultimately, on the biggest issues, it is to him that the raling family looks for judgment and on these matters his people trust him.

What makes the Prime Minister a controversial person is not so much the difficult role he plays in Government—which people appreciate is bound to be less nooular than his brother's—

but his business dealings, conducted mainly through the Unitag Group. Much of this operation is registered in the names of his sons, Ali



Ruler and Prime Minister are

now in their early 50s this may be in about 15 years'

Another posibility is that
Another posibility is that
Chalifa Teels at a disadvantage compared with the
other Gulf rulers, who are all
vastly richer than he is,
It is also thought that he

believes that the ruling family

Information, Tower House, Sc

Telephone: 01-240 9391

a Palestinian manager, Jamil

It has interests in contracting, trading, insurance, travel and the Intercontinental Hotel. Sheikh Khalifa has other real estate interests, including a large share in the Hilton, outside the group. Unitag has never been popular among the Bahraini

merchant community, but in the present climate of recession it has become particu-larly controversial. It is said that the group is continuing to expand while everyone else is taking a cut in profits. The company is accused of poaching agencies and con-

Summing up people's att-itude to Sheikh Khalifa's activitles recently a young intelligent Bahraini said: "People have more time today. They used to be busy wheeling and used to be busy wheeling and dealing now they are sitting in their offices drinking tea and thinking about the things that annoy them. The Ruler is so popular but the others at the top of the family are greedy. greedy.

## He is not popular but is feared and respected'

"It's a shame because Sheikh Khalifa just desm't notice or realise how it is antagonising people, He's still expanding his business... he doesn't realise that he has to take a big cut in income like everyone else."

The big question in the minds of Bahrainis and foreigners alike is what motivates Khalifa in his business. One suggestion is that he is accumulating wealth for the benefit of his sons in fine jockeving for power which

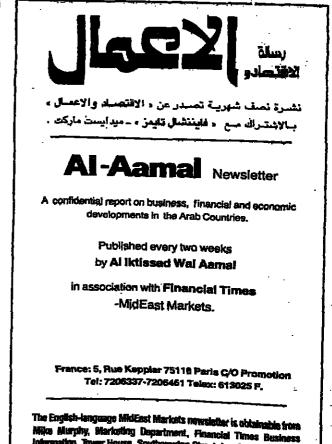
jackeving for power which there is bound to be, to some extent, when authority passes from the present generation to the next, Given that the

should pay its way in a relatively poor state, rather than being a burden on the Treasury. He tries to stop some of his more extravagant relations aquandering money. His eldest son, Mohammad, who is said to have been exceptionally able but died of heart disease some ten years ago, was a proponent of these ideas. Khafifa adored Mohammad and it may be that he sees himself now as fulfilling his son's wishes. Certainly Khalifa does not think of himself as an should pay its way in a rela-

think of himself as an avaricious man He believes that his profits and commissions have been lower than those of others and regards some of his early ventures as having made

He has a great sense of being wronged. He is hurt by the fact that all the unpopular things are blamed on him while his brother is so popular and he knows that when the Ruler dies and Sheikh Hamad bin is a succeeds he will be replaced.

Michael Field



npton Street, London WCZE 7HA.

The effects of the oil glut are feeding through to other sectors

# Spending to be cut in budgetary squeeze

## Economy MICHAEL FIELD

AFTER THREE years in which government and business have n worrying about what would be the effect of the oil glut, the Bahraini economy has now properly entered a recession.

operations and/or fired staff.

The expatriate population, which six months ago was estimated to number about 100,000 in a total population of some 380,000, has fallen by 15 per cent so far this year. This is putting pressure on the margins of importers and on rents, which for good-quality property have fallen by 50 or 60 per cent in the past two

years.
Much of the new residential
and office property in the
"diplomatic area," a large
piece of reclaimed land next to
the Manana-Muharraq cause way, is proving impossible to let. It is said that many of the owners of buildings in this area will soon find it difficult to

repay their bank loans.
What there have not been in Bahrain are the bankruptcies or Bahrain are the bankruptcies or debt rescheduling of contractors that have occurred in Saudi Arabia, or the banking problems of the United Arab Emirates. Nor are banks having difficulties, as they are in Saudi Arabia and the UAE, in obtaining repayment of loans they have made to contractors. In those two countries there are no modern laws on loan

united Building Factories—has states, is unusually wasteful, had to be rescued by the these seemingly trivial econGovernment, though it has omies are expected to achieve recently been resold to private the desired saving this year.

In the next two years, when is undergoing a distressed take-

over. And a large number of offshore companies are still in great difficulties as a result of their dealings in Kuwait on the Souk al Manakh, the unofficial stock exchange, which crashed in 1982. None of these corporate problems is regarded as very serious for the economy.

Bahrami economy has now country is not dependent on properly entered a recession. large oil exports which are pessimistic but so far the downturn has not had any drastic declined significantly. Accordenate results.

Three of the 77 offshore banks have left. The closure of some of these banks, which are the core of the service economy Bahrain has developed in the

of these banks, which are the core of the service economy Bahrain has developed in the last ten years, had been a subject of nervous speculation for a long time. But in the event their departure was accepted as one of the normal features of a recession.

Several bank representative offices have closed. More seriously some of the offshore banks have shut parts of their banks have shut parts of their balance comes from Saudi

ment, and the reason for the present budgetary squeeze, is that spending has steadily been rising, particularly in the recurrent part of the budget. In the downwards revision of

the 1985 budget — in Bahrain calendar years and fiscal years are the same — the Govern-ment is keeping capital expendiment is keeping capital expendi-ture at the original level but is trimming current spending by between 5 and 10 per cent. The revisions have not yet been pub-lished — they have only recently been agreed — but in general terms it has been made known how the Government intends to achieve its aims.

Bahraini government revenues are stagnant, but because the

Arabia. The problem for the Govern-

## Lower rents

It is asking ministries to

have made to contractors. In those two countries there are no modern laws on loan security.

In Bahrain one contracting-cum-industrial company — the Inited Ruiding Frentries — the Inited Ruiding Frentries — the cracies in all the Arabian oil

Revenue and expenditure

(b) Non-oil revenue ........... 154.2 156.2 193.4 213.6 n.a. (b) Capital ...... 174-3 222.0 210.0 210.5 210.5 (c) Others (including University Collège expenditure)... - 3.5 3.6 n.a. n.a. \* Original estimates. † Revised estimates.

GDP/GNP					
(LD m)		1981	1982	1983	+1984
GDP (current prices)		1,615.3	1,746.0	1,822.1	1,895.0
GNP (current prices)	† Est	1,330.1 imate.	1,398.1	1,488.8	1,548.4

## Balance of payments estimates

Services, transfers, capital Overall balance (A+B) ... +304.0 + 64.8 + 46.4 - 39.1

again be 5 per cent cuts in recurrent spending, it is realised that the process will be much more painful. Min-istries are being asked to decide themselves what economies they In general it remains the

Government's policy to continue balancing its budgets. To raise more revenues it may privatise some state corporations — the Government has holdings in Gulf Air, several heavy indus-tries, hotels and even cinemas. The problem with this idea is that the share market is very depressed at present.

It has thought of levying

personal or corporate taxes, an idea which all the peoples of the area regard as dangerously socialist and thoroughly un-Arabian. In this case the specific difficulties are that there is not a very big tax base, the percentage would have to be so low that it might not justify the cost of collection, and it might cause businesses to move to other states in the region.

It would be more logical for the Government to reduce the subsidies it gives to its popula-

The issue in the back of the Government's mind at all times—and the reason for the insistexpenditure—is the growing size of the Bahraini workforce and the prospect of un-

employment.
The population of Bahraini nationals at present is about 280,000 and the Bahraini workother states in the area, half of the population is under 19 and 4,000 schoolleavers, equivalent to nearly 6 per cent of the existing pool of labour, are coming onto the ich meshet coming onto the job market

Between now and the end of the century the Government expects the Bahraini labour force to increase by nearly

young Bahrainis will go to find employment in neighbouring states, where the bulk of the workforces at present are made up of expairiates. It is suggested that they might take industrial jobs in the Saudi Eastern Province, though they do not like going to Saudi Arabia, and banking jobs in the United Arab Emirates. The charge consumers only about 10 per cent of the cost of the water and electricity they provide.

At present the authorities are Saudi-Bahrain causeway may open the Saudi market to them.

Second, the Government intends to invest in high tech-nology and high added value industries and services geared to the Gulf market as a whole. It recently signed an agreement for the development of an in-strumentation and electronic control systems industry-cum-installation and maintenance business. The creation of jobs in this type of business is particularly effective in leading to

the creation of less skilled secondary jobs. Somewhat piously it is hoped writing to the newspapers to complain about having to pay that the private sector will play a role in investing in industrial development—just as it is hoped it will do in Saudi Arabia.

Third and lastly, government In the present lean economic conditions it is not felt that it will be politically possible for the Government to save much of the considerable sum of

officials point to the expatriate labour force—80,000 out of a total expatriate population of money it puts into these subabout 100,000 at the beginning of this year—and suggest that most of it can be replated by Given that it is not the Government's practice to borrow money—it has only once bor-rowed commercially abroad, and Bahrainis, that was for a specific project— it seems that the present policy of trimming administrative ex-

In practice this will be much more difficult than it sounds. At the top end of the spectrum

penditure is the most realistic there are managerial and highly one. technical jobs for which Bahrainis generally do not have the skills, though there are many very impressive exceptions to this. At the other end there are rough labouring jobs which Bahrainis simply will not

> Where there seems to be most scope for Bahrainisation is in the middle—in the ranks of clerks and moderately skilled technical labour. Already there are predominantly Bahraini labour forces in the oil and aluminium industries, which have run good training pro-

The problem with the middle of the labour market is that many of the jobs are in the private sector. Whereas the Government and big state organisations manage to

expects the Bahraini labour force to increase by nearly 100,000.

Officials talk of several solutions to this extremely daunting problem. First it is hoped that young Bahrainis will go to the Bahrainis. Bahrainis. Clerical jobs in private busi-

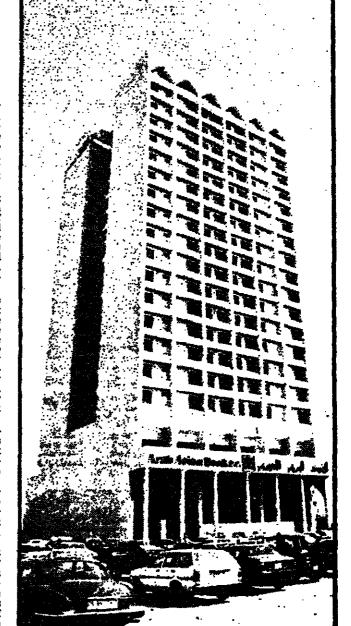
ness have become "typed" as Indian jobs and they do not appeal to Bahrainis. Furthermore private businessmen, who more private businessmen, who are a powerful force in Bahraini society and can ignore the Ministry of Labour, prefer to employ Indians. They are already trained, they speak English (of a special sort) and they can be worked harder.

The Government hopes that if it can give the private sector.

if it can give the private sector the incentive, in the form of a pool of well-trained middle echelon labour, it will decide that the advantages of Indians are outweighed by the cost of having to provide them with housing and air tickets. To produce this type of labour and the skilled labour

that will be needed by the hoped-for new generation of industries, the Government trying to reform the Bahraini educational system. It wants to have people at the under-graduate level pursue their education in Bahrain rather than in the West and it intends to develop polytechnics to make this possible. The emphasis is to be on an

educational system moulded to the country's economic require-ments. But whether this and the Government's other job creating policies will be enough to absorb the flood of Bahrainis coming onto the job market is



The Diplomat Tower (above) owned by Sheikh Mohammad bin Khalifa Al Khalifa, the Minister of the Interior, is best known as the Arab Asian Bank building. The bank arranged 100 per cent loan finance for its construction, but although its name is writ large it occupies only a couple of floors. Earlier this year, Arab Asian became technically insolvent and was bought for \$1 by Middle East Finance Group, a minority shareholder. MEFG is owned by the Bin Mahiouz and Al Kaaki families of Saudi Arabia, who also control

National Commercial Bank.

The former chairman of Arab Asian, Hussain Najadi, is held in gaol. He has been refused ball. No formal charges

have yet been laid.

He is the one who stands to lose most from the affair, since he was the biggest single shareholder, after buying out Sheikh Fawaz bin Mohammad Al Khalifa, the Interior

Gloomy outlook for oil-based projects

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"If I were a man of guts and had the money, I would build it tomorrow. But who is going to take me seriously in the summer of 1985?"

THE SPEAKER is Mr Yousuf Shirawi, Minister of Development and industry. The topic is a heavy oil conversion project which has been on the shelf for the past two years. His faith in the proposed joint venture with Kuwait and Saudi Arabia is based on forecast world demand for oil products in the 1990s—and he believes a 30,000 barrels a day hydrocracker will eventually be built in Bahrain, "once we get sid of the miserable eightles."

Without it, Bapco's ageing 250,000 b/d refinery may be less able to meet the challenge of new and expanding regional refineries backed by their own

Bahrain's crude production is putting 3,000 Bahrain's out of only 40,000 b/d, although the work. As it is, manpower has been reduced from a 1982 peak ducing company, Bancoo, is of 4,450 to under 3,600, embarking on a five-year development drilling programme and has succeeded over the past three wears in arresting the past three years in arresting the historical 5 per cent annual

In the offshore concession area leased to KUFPEC (Kuwait

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# BAHRAIN

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Foreign Petroleum Exploration Company) exploratory drilling will start in October but hopes of a major new find are not high.

In this situation, the share-holders in Bapco (Government 60 per cent, Caltex 40 per cent) purchase feedstock either from Saudi Arabia 20 Affacial purchase recessors exter from Saudi Arabia at official prices, or on the spot market. The average (official) price of crude FOB is \$27.75 a bearel, while the mean products price was recently \$26.35—from which must be deducted the cost of reference.

Inevitably, refining costs per barrel go up as throughput drops, and the refinery has been running well below especity since 1982. In the first helf of this year the average crude run was nearly 30,000 b/d down on last year's 198,000 b/d.

## Bright spot

There is more than a possibility that the operation would have been shut down, but for majority government owner-

The only bright spot on the oil scene is the five-year-old Banagas fiquefaction plant, where contribution to state revenue during 1984 amounted to \$57m in the form of taxation, dividends and newly-introduced to \$57m in the form of taxation, dividends and newly-introduced taxation. dividence and hewly-introduced feedstock charges. The process is based on oli-associated gas and the output of more than 3m barrels a year of propane, butane and naphtha is purchased by Caltex, one of two 12½ per cent shareholders.

For the Arab Iron and Steel Company (AISCO), the "miserable eighties" brought a Gulf war which closed 2m tomes per year of steel-making espacity in Iran and Iraq, and snatched away 50 per cent of its natural market even before the \$310m pelletiser went into pro-

and although the 4m tpy pellemarine works sub-contract and repair market and almost mt, but has recovered in the differences with the main contractor, Kobe Steel, which led to encashment of the performance bond.

The world vice was down from 13,000 to 11,000 mt, but has recovered in the reached breakeven point with first half of 1985 to between average 1981-82 revenues of 6,000 to 7,000 mt. The bulk of the encashment of the performance bond.

Shipbuilding Consultants have Arabia.

That problem was resolved now been called in to devise a amically and the guarantee test strategy for the future. was completed on May 5, but the plant then closed for eight weeks with its stockyards full of unsold peliets.

When it reopened on July 6, it had the firm prospect of only five weeks work, with small orders from Germany, Portugal and Turkey and a second 20,000 tonne shipment for Hadeed in Saudi Arabia.

Hadeed has promised to take another 60,000 tonnes before the end of the year, although the Sandis are believed to have advised against the plan to build a regional pelletiser in the first place and neither they nor the Bahrain Government have a direct investment in it. In the short-term, AISCO's

survival hangs on the willing-ness of its mainly Kuwaiti and pen-Arab shareholders to sup-port it, pending an improve-ment in the world steel market and the end of the Gulf war.

Gulf Petrochemical Industries Company (GPIC), whose \$450m ammonia and methanol complex has just gone into pilot production, does not have the same marketing problem; that has been passed on to Bahrain's joint venture partners, Saudi Basic Industries Company (SABIC) and Petrochemical Industries Company (PIC) of

pects for downstream petro-chemical development (into intermediate rather than finished products) than for establishing a direct reduction steel plant in Bahrain to support AISCO.

The shiprepairing industry continues in deep recession, as a result of the oil glut and the Gulf war. In the first half of this year the Opec-owned Arab Shipbuilding and Repair Yard (ASRY)—which may also be feeling the cold wind of competition from Dubai — handled only 1.4m dwt of ship-ping: 19 vessels in dry-dock and eight alongside.

It gained no new steel fabri-The first ship bringing iron cation orders, which contributed ore from Kudremuth in India a third of 1984's gross revenue embarrassingly went aground, of \$16.6m, although ongoing work will continue until the end tiser was inaugurated on of 1986. The results are dis-schedule, on December 12 last year, there has been litigation over letters of intent for a converge with the main con-

The smaller yards are also suffering. Although BASREC stayed in the black, its operating profit of BD 370,000 (\$980,000)

tion. Like other Arabian governments, the Bahraini authorities

in the process of installing water

meters in houses, as part of the new policy of charging a higher

rate for consumption above a certain level, but their action is

Arabians, are extravagant con-

sumers of both water and elec-

tricity, but they regard these

utilities as free—or a gift from their ruler—and people are

like

other

Bahrainis.

was 50 per cent down on the previous year, and Bahrain Slip-way made a loss. The company has terminated its 30-year-old management contract with Gray MacKenzie and plans to cut staff and diversify its activities. The aluminium industry is in better shape, although the going is getting harder. Produc-tion at the ALBA smelter in

1984 was a record 177,285 metric tonnes, and trials are going ahead on the first stage of a retrofit programme aimed at increasing output, by up to 15 per cent, without consuming more

BALCO, which markets the Saudi and Bahrain Govern-ments' 78 per cent share of metal offtake. expects to struggle through this year with a modest profit, despite the drop in world prices. after earning nearly \$40m in 1984.

### Joint venture June 30 marked delivery of

the first 9 mt rolling slab for testing by the joint venture Gulf Aluminium Rolling Mill, which is on schedule for commercial production by November. GARMCO is already "pre-marketing," using other manufacturers' sheet products to establish customer relationships, and reports an encouragsing response both regionally and internationally. With a 40,000 tpy rolling mill, and a 6,000 tpy foil plant due for completion in 1968, GARMCO will be ALBA's most important local crustomer.

Among the smelter's existing satellites, the Government-owned extrusion company, Balexco, operated profitably last year, with production up from 4,400-4,800 mt and a 20 per cent increase in revenue.

But the privately-owned Midal Cables has been hit by the reduction in regional electrification programmes. A plan to produce its own alloy has been postponed, although the com-pany is buying in metal to make alloy cable and has diversified into other wire and insulated

Metal throughput last year was down from 13,000 to 11,000

tuture holds a fund of opportunities .....

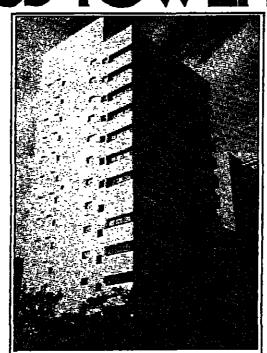
High technology, sophisticated online communications and modern management information system all clearly reflect ALBAAB's ability to adapt both now and in

An ability that's backed by major shareholders in Kuwait, Egypt, Saudi Arabia, Iraq, Jordan, Qatar and Algeria. And supported by the extensive network of Arab African Group.

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# بنك اليوباف العربي الدولي ش.م. ALUBAFARAB INTERNATIONAL BANK E.C.

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Consolidated Balance Sheet	ance Sheet 31 December		
	1984	1983	
Accest-	US\$ (000)	US\$ (000)	
Assets			
Cash and short term funds	225,309	277,791	
Other deposits with banks	125,331	48,764	
Certificates of deposit Commercial loans and advances	43,000 205,673	1,000	
Fixed assets	205,673 1,301	142,765 1.855	
Accrued interest and other assets	12,283	6,508	
	<del></del>		
-Total assets	<u>_612,897</u>	<u> 478,683</u>	
- •			
Liabilities			
Deposits from customers	13,059	876	
Deposits from banks	533,981	418,194	
Minority interest	55	73	
Proposed dividend Accrued interest and other liabilities	2,000 9.204	2,000	
Accided interest and other habilities	3,204	4,154	
Total liabilities	558,299	425,297	
	<del>-</del>		
Shareholders' Equity			
Share capital	50,000	50.000	
Statutory reserve	860	539	
General reserve	3,500	2,750	
Retained earnings	238	<u> </u>	
Total shareholders' equity	54,598	53,386	
Total liabilities and shareholders' equity	612.897	478,683	
	=====	======	

## **ALUBAF Arab International Bank E.C.**

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# **Special** niche in the market

INVESTMENT BANKING has become a buzz-word in the Bahrain market since the scope for profitable commercial and merchant banking has narrowed. But few of the Offshore Banking Units (OBUs) now moving in this direction have but as much this direction have put as much time and effort into planning their strategy and building a corporate identity as Arabian Investment Banking Corpora-

Unlike Trans-Arabian Investment Bank (TAIB), which recently added a trade finance house in New York (Creditcorp International) to its finance and real estate subsidiaries in Geneva and Florida, Investcorp does not manage syndicated loans, arrange construction finance or issue guarantees and letters of credit,

It is purely a financial inter-mediary, and its special niche in the market is the acquisition, packaging and placement of real estate and direct international investments with a three to five year horizon.

"Quality" is a word Invest-corp uses a lot, whether it is talking about investment oppor-tunities, management or clients. No expense has been spared to ensure that quality oozes from the wood-panalled walls of its Bahrain headquarters and the glossy pages of its corporate reports.

## Investcorp

MARY FRINGS

The minimum subscription to Investcorp's latest investment offer is \$100,000, because in the words of Nemir Kirdar, the Iraqi-born president and chief executive, "we don't want to be

On the same basis \$500,000 is the smallest term deposit that its dealers will place on behalf of clients, although eight mutual funds will be launched shortly to accommodate invest-ments in multiples of \$50,000.

Its advisory and financial packaging services do not come cheap either, and Investcorp recently lost out to Gulf International Bank and Chase in bidding to carry out the valuation of Gulf Air, before orivatisation.

The handful of deals which Investcorp has done over the past two and a half years add up to \$350m, of which \$300m has so far been sold. Each one involved painstaking ration in consultation preparation in with international investment houses, tax advisers, appraisers and industry analysts, and exhaustive documentation.

Although Kirdar is clearly the motive force, last year's \$11m profit (representing a 20.5 per cent return on average equity) was the result of a team effort. Every decision is a corporate decision, and every potential customer receives his private placement memorandum from one of the 12 executive managers personally.

The \$135.5m leveraged buyout of Tiffany and Co., the New York jeweller, was closed last October. By last month, the building on Fifth Avenue had been sold to an undisclosed European buyer and leased back to Tiffany for 35 years; the entire \$75m of senior debt and half (\$10m) of the subordinated debt had been placed with General Electric Credit Corporation of the U.S.; and the 45 per cent of equity reserved for U.S. investors had been taken

Investcorp will retain up to 10 per cent of the equity for its own account and will market the remaining international placements in the fourth quarter of this year.

Meanwhile a subscription offer for a \$36m equity interest in the luxury powerboat industry is already on the table, backed by an 84-page private placement memorandum with a payback projection (on a conpayback projection (on a con-servative case basis) of five and a half years. This follows last year's acquisition, in partner-ship with a Whittaker affiliate of Whittaker Corporation's Kettenburg Marine and Ber-tram, Trojan and Riva Yacht divisions.

Kirdar describes 1985 wery busy. We have a lot of balls in the air." He says the fact that Investcorp has not offered international investors or its own 335 founding share-holders around the Gulf any-thing in the Arab World is not for want of trying. "It has to make sense to us, within our criteria."

Another untapped area so far is the Islamic banking system, which is awash with funds for which is awash with funds for which the banks cannot find acceptable outlets, untainted by "riba" (usuary or interest). An additional problem is that Islamic banks want short-term liquid assets while Investcorp is more at home with mediumterm products, But they are working on it

# Offshore investment companies in decline

THE BEST thing Bahrain could do with its Exempt Company (EC) regulations is to amend them to permit the registration of shell holding companies, captive insurance companies. and flags of convenience. There s no reason why Bahrain should

is no reason way Bahrain should not become the Luxembourg. Caymans or Panama of the Gulf. This would substantially boost the SU.S.2m to 2.5m in offshore company fees which the Finistry of Commerce collects annually, and would give legal recognition to a situation which to a minor extent already exists. The requirements to maintain

a fully-staffed head office in Bahrain has proved to be unenforceable, both in the case of publicly-quoted investment and insurance companies controlled from Kuwait, and of some closed companies operat-ing in Saudi Arabia. Others are dormant, as business has failed to materialise; or consist of one man working from his home.

In principle, however, the ministry dislikes the tax-haven label and is unwilling to abandon its prohibition of "brass-plate" companies, despite the unwerterned. pite the urgent need to increase non-oil reconnes from every available source. Recent source. requests for new companies to be registered and operated through a local solicitor or

auditor have been turned down. The EC regulations were introduced at the end of 1977. Iwo years after the launch of the offshore banking concept, to enable trading and service companies with business in the region to be incorporated in Bahrain, provided they did not compete in the local market.

There are some grey areas in this respect, and the propensity of EC banks to put up buildings and seek to let surplus space has incensed local property-owners.

The "exemption" is from the provisions of the Commercial Companies Law, which require majority Bahraini ownership or in the case of foreign branches, local sponsorship. The attractions are freedom from taxetion, proximity to the Saudi market, good communications and a relaxed lifestyle—against which must be set the high cost of living and the rigours of the

Guif summer.

By the end of last month a total of 182 ECs had been registered, of which 21 have gone into voluntary liquidation. Among these was Citicorp

Al-Jazira Contracting and

Arab International

Bahraini Kuwaiti

Investment Group EC

Investment Company EC

Development Company EC

Pearl Investment Company

Gulf Investment Company

**Gulf Consolidated Services** 

& Industries Company EC

Сотрану

## Exempt companies MARY FRINGS

which was set up five years ago to explor a regional bond to exploit a regional bond market which never developed. Citicorp has now replaced it with a regional representative office for its investment bank.

Al Knaice in Instrance and Reinsurance Brokerage Company, with 30 Gulf (mainly Saudi) shareholders in the paid-up capital of \$£3m; Gulf Development Corporation (general contracting and trade); Marubeni Bahrain (marketing advertising and managemen consultancy services); Gulf International Insurance Bahrain majority-owned by an Ajman (UAE) insurance company, with capital of BD 1.925m (S2.7m); Petrencor, which has the minimum capital of BD 20,000 and offers management and consulting services to the oil and manufacturing industries; Schlumberger Gulf Services, for the sale and hire of oil industry-related equip-ment; two new subsidiaries for Gulf Consolidated Services and Industries (GCSI), and Indeco, an industrial and development consultancy owned by the BAH banking group.

## Disaster

There are 10 more applications pending, including three new insurance companies to join the 20 already established. But no applications are being considered for the establishment of more public sharehold-ing companies. Those already in existence are enough of a disaster story, although it is a Kuwaiti disaster rather than a Bahraini one (except for those unfortunate investors who unfortunate bought shares in them).

The six companies listed are not the only ones who speculated in shares, but they in-curred the heaviest losses following successive write-offs on post-dated cheques and value of investments.

Al Jazira, which has not yet published its 1984 results, does have a contracting operation but it is hard to see it compet-ing successfully for the dwindl-

1982 1983 1984 1982 1983 1984

2.3 (38.5) n.a. 68 40 n.a.

29.8 (23.8) (44.9) 182 158 113

40.0 (56.9) (69.3) 380 304 241

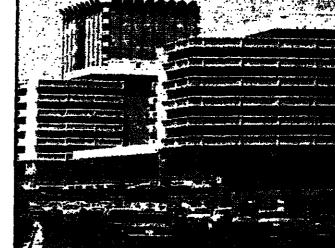
3.0 (31.6) (32.3) 162 131 65

**42.2 (30.7) (63.8) 192 161 98** Compiled by Mary Frings.

Offshore investment companies

Profit (loss)

(US\$m)



cently completed a sub-contract on the pelletising plant built in Bahrain by the affiliated Arab Iron and Steel Company EC, and in 1983 it declared a \$19m loss on its involvement with the Abu Ghraib irrigation project

although apart from Gulf Invest-ment Company their remaining assets are substantially liquid. Pearl, for example, has 94 per cent of current assets in cash and bank deposits.

In all, there are 14 EC public shareholding companies, if one includes Bahrain International Investment Centre, which is legally a closed company but has so many shareholders its share prices are quoted— another infraction of the law which seems to be winked at.

Among them only one, the Arabian Investment Banking Corporation (Investcorp), showed a healthy profit from operations. Bahrain International Bank (BIB) made just as much money (\$11m), but this was earned principally by placing its \$180m of paid-up capital on deposit, while Bahrain Middle East Bank (BMB) earned only \$762,000

after provisions. All the rest made losses, adding up to a staggering \$265m.
The losers included Bahrain
International Investment Centre \$3.7m, Arab International Insurance \$2.6m, AISCO \$7.2m, United Gulf Bank \$5.4m and Gulf Consolidated Company for GCSI-\$32.3m.

The report on GCSI from auditors Ernst & Whinney carries no fewer than five qualifi-7.6 (10.0) (8.96) 35 26 17 cations, relating to the recoverability of a \$29m investment in an Alman oil concession, together with \$7m in receivables; the use of \$14m in

ing number of new construction the availability of adequate contracts now crailable. It re- financial support \$33m in provisions directly against shareholders funds is against snareholders runds is
"not in accordance with
accepted accounting principles,
which would charge this amount
against income for the year,"
although they made no such
comment on a similar move by a
locally-incorporated OBU. Al Bahrain Arab African Bank (ALBAAB).

Although GCSI has a potentially rewarding contract from the Indian state of Uttar Pradesh, to manage a joint-venture fertiliser plant, the plant is not built yet and the company's best immediate proswith a partner in Alman—or with a major oil strike there. The profitable disposal of a second-hand petrochemical plant in Puerto Rico seems questionable.

13

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## Record low

The share prices of all these companies are at a record low on the Babrain stockmarket— as indeed are those of much more solid domestic companies. Trading is very thin and Bank of Bahrain & Kuwait (BBK) shares which once sold at BD 35-50 in forward deals have recently changed hands at be-tween BD 2 and BD 2.600, al-though it should be noted that successive bonus issues have diluted their value.

The establishment of a formal stock exchange in Bahrain, listing initially only domestic companies and ECs, has been under preparation for more than two years, and a report on its final stages was made to the Prime Minister last month.

If it gets the go-ahead now, it could be in operation as an independent corporation by the end of the year—but it remains company funds to repay a loan to be seen whether it will to a director in contravention of restore investor confidence the Bahrain Company Law; and a reservation on the preparation of the financial statements on a "going concern" Yasis, pending issues.



five people at GIB's New York

branch. With a smile, Mr Porter explains: "We want it

to be a real New York branch

before it tries to take on the whole United States."

After the Arab banks, the U.S.

banks carry the most weight in the OBU market. Apart from

representative offices, although a number of OBUs have pared down their operations.

The British banks too are

Midland took similar steps

earlier in the year, as part of its global rationalisation, but it

is opening a new representative office for MBG International

Trade Services. This will specialise in export finance and

credit risk insurance, with guarantee support from Lloyd's of London where cheaper ECGD

or similar backing is not available. Lloyds and NatWest con-

tinue dealing, and economising, although both have substantial

corporate business in the region.

banks scale down their dealing operations, six moneybrokers in

the market could become too many. Brokerage earned in

rates. New volume discounts

In the last analysis there are still 74 OBUs reporting to the

smi 74 UBOS reporting to the BMA and assets have held up remarkably well around the U.S.\$60bn level. The latest figure (for April) was U.S.\$61.7bn. What gives the market its basic stability is the presence of ARC and GIR (who

presence of ABC and GIB (who

such as Citibank with a long-

standing commitment to the

This is not to say the assets may not fall. As the BMA Governor points out, the figures

take no account of off-balance sheet trade financing and fee-

earning business which more and more banks are trying to

A gradual decline in assets-

Assets Contras Advances (loss)†

syndicated lending.

One concern is that if more

power by a third.

Security Pacific and Continental Illinois, the only departures have been those of one-man

The sector is adjusting to a rapidly changing market

# Tremors and shocks

## Offshore Banking

MARY FRINGS

NO BANK has collapsed in Bah-rain, or had its licence revoked. Not many financial centres around the world can say as

But the first-ever distress sale of a Bahrain offshore Banking Unit (OBU) when Arab Asian was taken over in April by a minority shareholder, was a shock to the local banking community. Puzzlement folcommunity. Puzzlement fol-lowed, as the detention of its chief executive, Hussain Najadi, dragged into months without formal charges being laid.

Then came another shock, when United Gulf Bank, also an OBU, let select groups of bankers know that as it would be concentrating on investment activities in future, it planned to run down its loan portfolio. release up to half its 77 staff and put its still uncompleted building up for sale.

Coming on top of a general malaise over the prospects of the oil market, political turbulence in the Middle East, shrinking busines opportunities and the build-up of bad debt, these two events caused a number of bankers to question the viability of their own operation.

## Departure

They may even have won-dered, as they added Security Pacific to the departure list and Barclays joined Midland in clos-ing its dealing room, whether Bahrain as a banking centre was soing down the drain. was going down the drain.

The governor of the Bahrain Monetary Agency (central bank), Mr Abdullah Saif, says banks have to obtain an economic return wherever they are based, and retrenchment is superimposed by the business environment. He is confident that Bahrain has a useful longterm role to play, both as a regional centre and as a link in

a global operation. He comments: "There is still Asia Bank for permission to a good basic operation here, but separate their banking and inthe market is changing rapidly.

Successful bank management tion is being given to the must be innovative in extending the range and quality of services, making use of new technology, and finding new sidiaries. This could result in services as a suitable structure for banks with a number of subnology, and finding new sidiaries. This could result in vehicles to facilitate the flow of a new type of licence. Another funds between lenders and possibility is the establishment borrowers. And we, as a super- of unit trusts and mutual funds, visory authority, have to look to encourage the growth of a

ago the concern was over con-centration of risk, now it is over quality. This calls for a joint review of provisioning policy by supervisors, auditors and management to ensure that banks build up adequate protection, even if that is achieved in some cases at the expense of

The governor said the BMA had a legal responsibility towards depositors and share-holders of its dinar-based local banks and a moral obligation to ensure that all banks in Bahrain were prudently and pro-fessionally run. "In a crisis, the action taken would depend on the nature of the problem but prevention is better than

A new departure for the BMA is the assumption of a degree of responsibility for the sound-ness and liquidity of branches of foreign banks, since they are a major component of the offshore market. After further consultation with the Bahrain Bankers Society, branches will be required to submit regular prudential information returns from the end of the year. The returns include a list of the largest bank and non-bank

At the same time, the BMA wishes to be seen to be fully responsible for its own offspring abroad, with the help of the host authorities. Over the past two months, senior staff mem-bers have travelled to London, Switzerland, Hong Kong and Singapore to make courtesy calls on central banks and to visit branches, subsidiaries and affiliates of Bahrain-based banks to ensure the proper controls are in place.

At home, the BMA is agree-ing individual lending limits with locally-incorporated banks. and the time scales for any necessary adjustments. This follows the formal introduction in January of legal limits amounting to 15 per cent of capital and reserves for loans to single borrowers and related entities, and 30 per cent to a bank's board of directors collectively.

Following applications from United Gulf Bank and Kuwait

at the prudential require capital market.

Only a handful of banks, led facility for the Kingdom of out, is nothing new: two years

The debt problem, he points out, is nothing new: two years

out, is nothing new: two years

Capital market.

1985, including a U.S.\$1.5bn if it does occur—might therefore reflect successful diversification rather than impending disaster.

bank to have lent money to investors to buy shares, and to have taken those now far less valuable shares as collateral. Or

valuable shares as collateral. Or to have on its books merchants, contractors and property-owners who, because of the downturn in trade and construction acti-vity and a 25-50 per cent drop in rents, can no longer service their loans at the same rate.

Even some of the biggest local companies are illiquid, because their main assets are off-thore and everything they have in Bahrain belongs to the banks. The five locally-incorporated

of government departments, in return for which it handles their monthly salary payments. The Government, insists Mr

Juma, gives nothing away free.

Grindleys Bahrain, which was

restructured as a 60 per cent local bank in May last year, has

not only gained access to these deposits but to government-related bonding, guarantee and LC business. Whereas foreign

banks are not permitted to extend their branch network,

Grindleys has already opened two new offices and plans to go

inked savings account for cus-tomers under 60 years of age who maintain a minimum balance of BD 1,000. It also

pays 6 per cent interest.

BBK is publicising a high-earning "Money-Maker Account"

has obtained branch licences.

Automatic Teller Machines (ATMs) at all its branches and

achieved a 20 per cent increase

in profit last year, although the first half of 1985 has been less

Restructured

(GZB) and the Arab Investment responsible for the release of Company (TAIC) are active bond traders, and local new issues are few. Last year two branch. With a smile, Mr Porter explains: "We want it revolving Euronote facilities were brought out for Saudi cor-porate borrowers, Algosaibi and Bin Laden, and ABC issued a 12year U.S.\$ 100m floating rate in its own name.

This year, there has been a U.S.\$150m FRN which ABC co-led with Société Generale, and a HK\$360m note led by Citicorp Hongkong, Bank of China and Sun Hung Kai International Limited, to fund ABC's 75 per cent acquisition of Sun Hung Kai Bank.

## Doorstep

ABC's aggressive move on to the doorstep of China brings its tally of direct and indirect subsidiaries to 14, among which Banco Atlantico of Spain has 194 domestic branches, a New York agency, a Grand Cayman branch and eight representative offices in the western hemi-

On its own account, ABC has five branches, four rep offices and four affiliates. The whole empire has been built up in under five years.

At least two OBUs are following the same route, on a more modest scale. Mr Katch J. Katchadurian of the threeyear-old Bahrain Middle East (BMB) has started his port-follo with 40 per cent of a small Swiss bank and with the help of Morgan Stanley is now finalising the purchase of a U.S. subsidiary, which will bring him expertise in futures, commodities and fiduciary services.

Kuwait Asia bank, which recently reduced its head office and foreign exchange activity, has investments in Hong Kong, Korea, the Philippines, Japan and New Zealand, and is opening a merchant bank in Melbourne

If GIB seems timid in com-parison, conservatism is part of its character as the "inter-national bank of the seven Gulf states." Mr John Porter, an assistant general manager, comments that "our general lowrisk low-reward policy proves at this time to be very apt," and another banker who des-cribes the market as being in "a storm-jib situation" clearly

GIB had a satisfactory first half, and expects to maintain its U.S.\$7bn asset level with profits 5 per cent up at yearend, Although its syndications team was redeployed last year, GIB has still lead-managed 15 credits totalling U.S.\$6bn in

## Locally-incorporated Bahrain OBUs

(Ranked by size of assets at December 31 1984 in U.S.Sm) (Does not include investment banks, or the OBUs of local com-

	Assets ex coutra	Total equity	profit (loss)	pro- visions
Arab Banking Corporation	11,055	1,114	110.0	45.0
Gulf International Bank	7,419	580	63.9	D.S.
ARLABANK International	1,853	245	20.0	11.1
ALBAAB	1,370	129*	15.8	*
Gulf Riyad Bank	1,186	61‡	5.1	3.5
United Gulf Bank	1,126	246	(5.4)	20.7
ALUBAF Arab Intuti Bank	613	55	3.2	2.0
Arab Asian Bank	(1983 ass	ets <b>\$</b> 605m	1984 not a	railable)
Kuwait Asia Bank	574	121	5.3	2.8
BAII (M.E.)	475	25	2.7	D.a.
Bahrain M.E. Bank	446	157	0.7	3.0
European Arab Bank (M.E.	377	15	0.3	11.2.
Bahrain International Bank	294	198	11.0	6.4
Massraf Faisal Al Islami	256	24	2.6	
Frab-Bank (M.E.)	247	14	0.6	1.2
# Dive 200m cubandinated	leen mith	esile as		4-1 4- La

slimming down and holding on, in the hope of a new boom in three-five years' time. Barclays officially closed its dealing room on July 11 and will reduce man-Plus \$30m subordinated loan with \$50m of new capital to be subscribed in 1985. subscriber in 1995.

In addition to undisclosed specific charges against income, \$17m was transferred from the general reserve to loan loss

Includes SR 85m subordinated loan on which interest is paid

at market rates.



# Insurance upturn expected

Arig

**MARY FRINGS** 

1984 was slightly down on the previous year, at US\$14.507m THE ISLAND of Bahrain and well down on the US\$16.366m earned in 1982. still a very small dot on the world insurance map, even before an adjustment in agreed though it plays host to the heavily capitalised international on foreign exchange transac-tions were introduced in April this year, with considerably less re-insurance group ARIG, and to nearly 40 other underwriting companies, brokers and agents. acrimony than over the pre-vious change (September 1983).

As more offshore companies come in, and the insurance law which is now in the final stages Bahrain could have a significant role to play as a regional insurance centre, although takeoff is unlikely to be a significant role to play as a regional insurance centre, although takeoff is unlikely to be a significant role of the gross premiums are collected by the five role of the gross premium are collected by the five role of the gross premium are collected by the five role of the gross premium are collected by the five role of the gross premium are collected by the five role of the gross premium are collected by the five role of the gross premium are collected by the five role of the gross premium are collected by the five role of the gross premium are collected by the five role of the gross premium are collected by the five role of the gross premium are collected by the five role of the gross premium are collected by the five role of the gross premium are collected by the five role of the gross premium are c lar as it was in the early days of offshore banking. If the growth curve is flatter perhaps it might be longer.

between them hold nearly one third of the assets), and banks For direct insurers, the most obvious prospect is the Saudi market where the concept of insurance is not officially recog-nised and no commercial framework exists for the local registration of underwriters and agents. But many adventurers Last year was clearly a try-have lost their shirts in Saudi ing one, because of "harmful

Arabia, and establishing a viable irresponsible rate-cutting" and 1984 report, just over 35 per a high degree of both local knowledge and technical exper-

There is also the possibility, albeit a distant one, that the shutters will come down on those companies which are not 100 per cent Saudi-owned.

Onshore, the potential for tial loss, expansion is limited. Gross premium income in 1983, Watel according to Bahrain's Ministry of Commerce, amounted to only \$58m, and the figure is unlikely

guarded, and Bahrain Kuwait Insurance Company complained bitterly in its 1984 report about "master-minds in offshore broking offices and exempt com-panies" who seemed to be knuckling in.

operation from offshore requires difficulties in obtaining re- cent of ARIG's business was a high degree of both local insurance cover in unprofitable drawn from the Arab world, motor lines. Four of the five 20 per cent from Asia, 15 per locally-incorporated companies cent from Europe and 13 per managed to show a positive cent from North America, Gross result overall, but Al Ahlia, premiums increased by 10.7 per which still had to publish its results at the time of writing, was expected to show a substan-

## Watchful eye

Pending the application of the \$58m, and the figure is unlikely to have grown in 1984.

There are 18 insurance companies operating in Bahrain's Ministry of Commerce is begindomestic market, but three ning to keep a watchful eye on investment income (from quarters of the gross premiums Gulf Union and Arab Inter- \$26.7m to \$20.1m). national Insurance. whose shares are publicly quoted.

> very different class. It was set former banker, as general up four years ago by the manager, and the directors say governments of Kuwait, Libya in their report that ARIG and the United Arab Emirates enters 1985 with more con-(UAE) with a brief to increase Arab partcipation in the global market, and endowed with an authorised capital of \$3bn. Even though it is only 5 per cent paid up, it is still a tidy sum, which ARIG has used with

circumspection. In the period covered by the cent to \$93.4m, of which \$83.6m was retained, but net income fell sharply from \$13.7m to \$2.8m.

The deterioration in performance was attributed to increased underwriting losses (from \$3.5m to \$7.6m), related to treaty business in property and marine lines. and to lower

However, the leadership vacuum has now been filled As a re-insurer, Arab with the appointment of Insurance Group (ARIG) is in a Nooruddin A. Nooruddin, a fidence.

> "A stronger management structure is in place and better technical capabilities have been acquired. This, coupled with an expected improvement in market conditions, should make it possible for the company to

# Quest for quality business

## Domestic Banking MARY FRINGS

BALANCE-SHEET growth has always been a cause for congratulation in Bahrain's onshore commercial banking community. But perceptions are changing and bigger is not necessarily better in an economic climate described in annual reports either as dull, constrained, diffi-cult or "challenging."

The five locally-incorporated commercial banks—including Gripdiays Bahrain and the newly-operational Bahraini-Saudi Bank, as well as third-ranking Al Ahii Commercial, are all invited to tender on a competitive basis for government deposits. But NBB does have the advantage of holding current accounts for a number of government departments, in According to Mr Hassan Juma, general manager of National Bank of Bahvain (NBB): "If a bank can reduce its portfolio without affecting profitability, that is an achievement."

So he is happy with a consolidated interim result which shows a 5½ per cent decrease in total assets to BD 604m (\$1.6bn) and an 8 per cent increase in not among the RD 60. crease in net profit to BD 5.7m. Loan loss provisions are charged against income only at year-end.

Loans, advances and over-drafts were reduced by 13 per cent, which together with a use-ful 84 per cent increase in cur-rent, saving and deposit accounts enabled NBB to cut its inter-bank borrowings by 14 per cent. But a less satisfactory develop-ment was a recession-induced 31 per cent drop in off-balancesheet letter-of-credit and guarantee business,

Because of its Kuwaiti branch operation, which is understood to represent close to one third of its consolidated assets of over \$2bn, the joint venture Bank of Bahrain and Kuwait (BRK) bas been unable to get its mid-85 results out so promptly.

Although both BBK and its 49 per cent government owned 49 per cent government owned rival have an off-shore banking licence in addition to their Full Commercial Bank (FCB), in neither case is the OBU run as a separate unit. NBB has a small and admittedly struggling branch in Abu Dhabi, while BBK's last annual report seems to take the lipe that the least said about its Kuwait branch. said about its Kuwait branch

the better.

Fortunately BBK is a strong and well-capitalised financial institution with ample reserves, since inevitably it is more beavily exposed than other FCBs to Kuwait and its bad debt probiems, many of which remain un-

## resolved nearly three years after the stock market crisis. It is certainly not the only Bahrain's domestic banks

Ranked by size of assets on December 31 1984 (in BDm (BD=\$2.65)

369.9	205.2	178.2	10.3
298.4	59.0	179.3	10.1
158.4	58.5	99.4	2.4
136.6	38.2	70.8	1.8
101.6	26.9	73.0	2.3
45.6	6.6	18.2	0.7
42.9	4.3	29.7	3.0
31.5	2.6	11.5	9.16
30.9	0,1	25.6	0.05
30.5	22.3	12.9	0.21
21.8		=	1.5
20.8	4.6	6,5	0.1
18.9	7.9	13,8	(0.9)
14.9	4.1	6.6	0.6
13.5	1,5	6.5	0.09
13.3	4.8	9.6	(L.1)
11.6	0.2	11.2	nil
19.2	2,4	7.2	0.19
4,3	0.7	2.3	9.04
2.9	43.1	1.3	0.37
	298.4 158.4 126.6 101.6 45.6 42.9 31.5 30.9 30.5 21.8 20.8 18.9 14.9 13.5 13.3 11.6 10.2	298.4 59.0 158.4 58.5 136.6 38.2 101.6 26.9 45.6 6.6 42.9 4.2 31.5 2.6 30.9 0.1 30.5 22.3 21.8 — 20.8 4.6 18.9 7.9 14.9 4.1 13.5 1.5 13.3 4.8 11.6 0.2 10.2 2.4 4.3 0.7	298.4         59.0         179.3           158.4         58.5         99.4           136.6         38.2         70.8           101.6         26.9         73.0           45.6         6.6         18.2           42.9         4.3         20.7           31.5         2.6         11.5           30.9         0.1         25.6           30.5         22.3         12.9           21.8         —         —           20.8         4.6         6,5           18.9         7.9         13.3           14.9         4.1         6.6           13.5         1.5         6.5           13.3         4.8         9.6           11.6         0.2         11.2           10.2         2.4         7.2           4.3         0.7         2.3

Does not include OBU or overseas branch.
 † After provision for bad and doubtful debts.

† Not operational until 1985.

Both BBME and Standard Chartered have a long history in Bahrain and a loyal customer base. It remains to be seen whether they will eventually lose market share to aggressive new local banks, but there is no sign of their following the route Grindlays has taken.

ahead with more.

Bahraini-Saudi Bank, which opened only in February, is full of ideas for gaining a foothold in the market but is prepared for a long haul. One of its products is a life insurance-Higher costs

The local banks had 67 per cent of aggregate assets last year and 70 per cent of the contra business. Including Bahraini-Saudi Bank (which earned interest on its BD 20m of paid-in capital), they also accounted for 88 per cent of the profits—with Bahrain Islamic Bank ranking third in the earnto attract foreign currency deposits, but the bank's main new marketing thrust will be ings league because of low pro-visions and very modest operat-ing costs. Al Ahli Bank's costs into India and Turkey, where it went up sharply as a result of its move to a new headquarters No one has yet emulated and heavy investment in tech-BRME, which has installed nology.

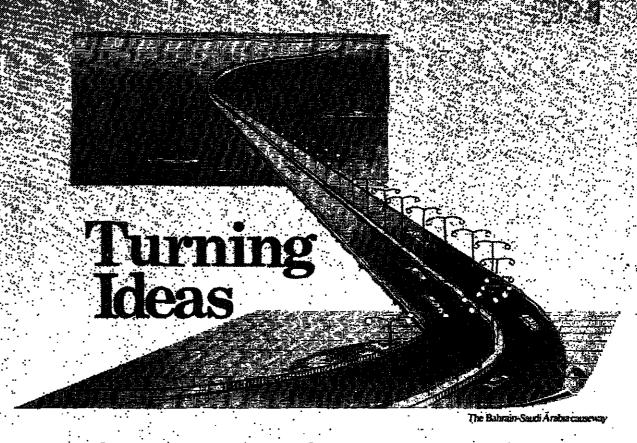
The remaining foreign banks in the market either serve their national communities or survive as appendages to a more impor-tant OBU. Paribas and National Bank of Abu Dhabi recorded

hecause of loan loss provision more to run than they actually

Among monetary ments affecting the domestic market this year was the inclusion of negotiable certificates of deposit in the Bahrain Monetary Agency's calculation of reserve requirements, which amount to 5 per cent of Bahrain Dinar deposits and 1 per cent of foreign currency deposits.

Maximum recommended deposit rates were reduced by a per cent on June 1, in line with the fall-off in dollar interest rates, and this was followed by a reduction in the prime lending rates which banks are required to display to the public. All major banks are now quoting 10-10½ per cent.

The BMA regards the local liquidity situation as quite good, and says the banks have not had recourse to its BD swap facility for the past three years. But the feeling in the market is that there has been "less money



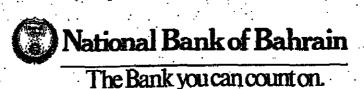
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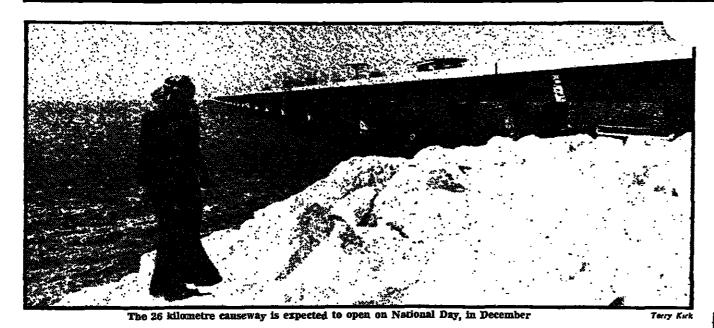
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# The link with Saudi Arabia

ON APRIL 11 this year, the last gap in the \$40m-a-mile road link between Bahrain and Saudi Arabia was bridged.

Before a large gathering of dignitaries on the Bahrain side of the median line, a gaily decorated box girder was swung into place, a red carpet was rolled out and Bahrain's promes accommission was supplied to the state of the

rolled out and Bahrain's Prime
Minister walked across, accompanied by Mr Mohamed Abalkhail, the Saudi Finance Minister.
From the main span, still
unprotected by balustrades and
a vertiginous 28 metres above
sea level, the Bahraini coastline
merges into the dust haze but
the huge desalination plant and
highrica office blocks on the highrise office blocks on the Saudi shore look very close.

Saudi shore look very close.

Since February, access to the site has been restricted in preparation for the link-up. There are no more jollies for wives, children and friends of supervisory staff, and no sight-seer gets through the security gate at Jasra without high-level official authorisation. Ballast Nedam has always run a "tight" Nedam has always run a "tight ship," with no alcohol allowed anywhere on the worksite or in

As far as the main causeway contract is concerned, there is a lot of work still to be done, but Mr Uffe Hansen, chief engineer for Saudi Danish Consultants, says the job is running below budget and ahead of time. Priority is being given to the border island facilities, which now include panoramic restau-

Mary Frings discusses the \$40m-a-mile road link and looks at its impact on Bahraini society and the economy

ber 16, rather than on the con-tractual completion date nearly five weeks later.

Although the causeway will

be open for official traffic before the end of the year, it is not yet clear when private and commercial vehicles will be able to use it. Only the first phase of the feeder road system will be completed, and the border stations will not be ready for another four months.

It might be possible to set up temporary border stations, sug-gests Sheikh Ibrahim Abdulla Khalifa, the project co-ordinator for Bahrain's Ministry of Development and Industry, but that decision will be up to the governments on either side. A bi-lateral Causeway Authority to be responsible for operation and maintenance will be formed

Bahrain's Cabinet has delegated a committee headed by the Minister of the Interior to

all the normal border checks on vehicles, baggage and freight without causing a log-jam. A Saudi official has estimated the time needed to pass through

the two customs and immigra-tion posts as a minimum of 90 minutes, but Mr Khalil Motawa, Bahrain's Director of Customs, says that on his side the aim is to expedite procedures so that vehicles do not stay longer than 15 minutes, depending on the volume of traffic.

The original feasibility study projected two-way traffic flow by 1990 of 30,000 cars a day. 2,037 light goods vehicles and 873 heavy trucks. Mr Motawa regards those figures as exaggerated, and is basing his studies on 250 vehicles an hour, rising to 500 at peak periods. Some of the traffic might not cross the border at all. If toll

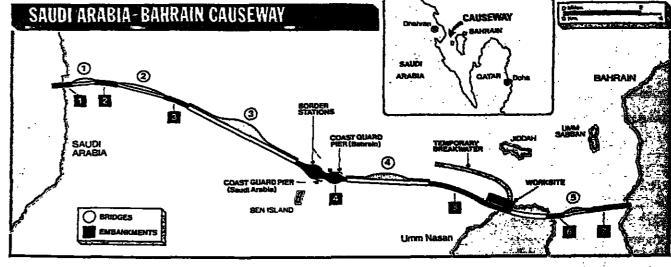
charges are not prohibitive, it might become a popular outing to drive up to the island, spend rant towers on either side. look into all the security the afternoon fishing, have a Barring accidents, the opening ceremony will be held on Bahrain's National Day, December 10 work out how to carry out and come back.

"We have not ruled that out," says Mr Yousuf Shirawi, the Minister for Development and Industry. "We are making changes in the traffic flow system to allow a return before the boundary — after all, someone with forcet his property. one might forget his passport.
But we will be guided by experience. We don't want to produce a cast-iron policy and get stuck with it."

Initially at least, cross-border travel will be restricted to citizens of the Gulf Co-operation Council (GCC) and expatriates with the requisite visas. The rules will be no different from those governing entry by sea

Although some people in Bahrain hope that after a 6-12 month trial period, expatriates with residence permits may be allowed to drive across as freely as GCC citizens, with a simple passport inspection, the signs are that Saudi Arabia has no intention of relaxing its visa

The "park and ride" idea aimed at reducing both congestion and possible drunken driving on Bahrain's roads has been dropped. The laws against drinking and driving are "adequate." according to one government official, and flyovers on the 10 km of new or upgraded approach roads will ensure a smooth transfer into and out of town Trucks and and out of town. Trucks and buses will drive a restricted route, but it is thought that the much improved internal road system will be able to



Project supervisor: Saudi-Danish Consultants (Al-Muhandis Nizar Kurdi, Christiani and Nielsen A/S, Kampsax international). Client: Ministry of Finance, Saudi Arabia.

Total cost of contracts 1-4: Contract

Contract 1 (causeway):
Awarded in 1981 to Ballast
Nedam Groep (BNG) on
their alternative bridge
design; completion January
20, 1986. Includes seven
embankments (12.5km), five
bridges (12.5km), and a
660,000 sq m island for the
two border stations. Cost
\$564m, raised to \$600m by
various provisions.
Contract 2 (border stations):

various provisions.

Contract 2 (border stations):
Awarded in August 1984 to
BNG; completion April 26,
1986. Cost \$100m. A supplementary contract for tower
restaurants (90m to the top
of the flagpole) on each side
was awarded on May 18,
1985, for completion October
17, 1986. The original contract covers 49 buildings for
customs, immigration, health. customs, immigration, health, civil defence, etc. plus two 230 cum a day desalination plants and two sewage treatment plants.

Contract 3 (Saudi approach roads): Awarded in April 1985, to Al Kobari of Saudi Arabia: completion in 20 months. Includes 35km of motorway with seven inter-

Contract approach roads): Awarded in April 1985 to Nasir bin Hazza and Bros of Saudi Arabia with BNG as sub-contractor for the bridges. Includes 10km of motorway with three interchanges.

# The Causeway means Bahrain is no longer an island

THE ECONOMIC impact of the causeway gives rise to the causeway gives rise to endless discussion but this is really a side-issue. Its primary purpose is to create a physical link with Saudi Arabia which will protect Bahrain from predators and guarantee the stability of the Khalifa regime.

Today, Bahrain has ceased to be an island, and if that fact involves some loss of independence, so be it. In the words of one senior Bahraini: "What independence did we have anyway?" have anyway?

The idea of a life-line to Saudi Arabia was born just over 30 years ago during a visit to Bahrain of King Saud bin Abdul Aziz It is significant that the Fifties were years of intertal dissension. years of internal dissension, marked by conflicts between the Sunni and Shia communi-ties and a subsequent joining of forces to demand political reform.

reform.

The idea was revived at intervals, with the initiative coming first from one side, then from the other. The devout and conservative King Faisal is thought to have back-pedalled to some extent, fearing the moral erosion which might result from closer contact with a more liberal neighbour. liberal neighbour.

formed to study the practicalities. The Iranian revolution and the spread of Islamic fundamentalism no doubt hurried things along.

It has been understood from the outset that Saudi Arabia would meet the entire Arabia would meet the entire cost, but there seems to be less likelihood now than there was a few years ago that "he who pays the piper will call the tune." There would be little point in banning alcohol in Bahrain when yeung bloods can, and to, spend a much wilder long weekend in Bangkok, and when the inevitable result of such a more would be a thriving black market.

black market

Political and sociological implications apart, the cause-way will have a positive economic impact on Bahrain, and not just in terms of filling empty hotel rooms and empty hotel rooms and finding tenants for rent-starved apartments. Many people, in fact, are coming to the conclusion that once the novelty value has worn off, the forecast flood of cars will become a trickle, and most business travellers will business travellers will continue to use the "air

bridge." Firstly, Firstly, it will boost Bahrain's export trade, which already exceeds the value of non-oil imports from Saudi Arabia. Aluminium cable example, can be delivered more cheaply and efficiently

Secondly, it will open up-employment possibilities in the Eastern Province indus-trial zones, since finding jobs for Bahrain's educated young is going to be one of the big challenges of the future. Thirdly, it will give Behrahn traders access to a Bahraini traters access to a bigger market and encourage healthy competition. Already the Chambers of Commerce on either side have looked into the possibility of recog-nised agents making joint purchases from manufac-turers of cars, appliances and food products.

The early outery from sug traders fearing loss of business or a serious squeeze

tusiness or a serious squeeze on profit margins seems to have tiled down. In the recession, profit margins have fallen anyway, and Bahralnis are unlikely to make regular trips across the causeway just to shop at a supermarket.

They might be able to buy videos and electronic goods more cheaply in Sandi Arabia, where import duty is only 4 per cent—but imported goods are not covered by Gulf Common Market provisions. By the time the buyer had paid another 10 per cent is duty at the Bahrain enstems check-point, he would not

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# A \$180m tourist attraction

## Zallag project MARY FRINGS

IT TAKES confidence to put a \$170-\$180m price-tag on a Gulf leisure development in these in the viability of an expensive tourist resort on a two-and-atourist resort on a two-and-a-half mile strip of Bahrain's west coast seems to be less than exuberant in business and government circles. As a concept, the Zallaq pro-ject has everything: a luxury hotel complex on a man-made island, beach willss, chalets and

condominiums, a marina with catering and boat maintenance facilities, swimming pools, tennis courts, health club, beauty parlour, a children's zoo, aviary, aquarium, funfair and theme park, plus lots of greenery and flowing water. Possibly an air-conditioned monorail to carry guests from one resort area to another, or as far as the neighbouring Al Areen Wildlife Sanctuary.

Although the sea is shallow for some distance offshore, the dredging of land-fill to create the island and breakwaters would cut a channel for the approach of sizeable yachts.

## Disneyworld

Even the project's harshest critics concede that an Arab version of Disneyworld would be popular locally, anhough the gromoters are rather pained by references to anything so intrinsically American. They prefer to call their theme park a Heritage Park, where visitors could meet characters such as

a Heritage Park, where visitors could meet characters such as Haroun. All Rashid and Sindabad instead of Mickey Mouse and Donald Duck.

The critics also concede the need for a private beach where families can relax in pleasant surroundings, since none of the hotels has one. But they question whether it makes sense to build another five-star hotel, when the Hilton, Sheraton. Regency Intercontinental, Gulf, gency Intercontinental, Gulf, Ramada, Holiday Inn, THF Diplomat and Delmon are all struggling for business. At weekends, it is the more moderately priced hotels which

are comparatively crowded.

The weekend tourism pattern, and the habit of visiting businessmen of staying no more than one night, is a major prob-lem facing the newly-formed Supreme Council for Tourism,

international travel. More than 154,000 Gulf nationals came to Bahrain "for tourism" last year, and Mr Almoayyed believes the number will multiply once whole families can be packed into cars and driven across the Saudi-Bahrain cause-

sengers through Bahrain Airensure profitability the project port for two-to-three day stopovers (with hotel packages averaging \$50 a day), have year, for a minimum of three brought in only a trickle of room-nights.

Given the high cost of air travel, and Bahrain's fairly truth is that there is not a let age tours are rare indeed. The travel and Bahrain's fairly restrictive immigration policy. To come for, apart from hotel entertainments and swimming pools, a stroll around the colourful suq area and a trip in a dhow, although the Ministry of Information is working hard to create more.

It has already opened a small

headed by Mr Tariq Almoayyed, but fascinating exhibition of the Minister of Information.

His first priority is to "sell" historical photographs in the Bahrain to the Gulf holiday. maker, especially in the prevailing climate of insecurity about to families around the Gulf.

No further steps will be taken until the Cabinet gives its but unfortunately the exhibition of the Gulf.

No further steps will be taken until the Cabinet gives its blessing, even though no government investment is innew art gallery and museum complex is being built at a cost of \$35m, and old forts and houses are being preserved.

## Theme park

Local people would undoubtedly flock in much greater numbers to Zallaq's funfair and theme park, but to Efforts to attract transit pas-

government investment is involved. The Cabinet could accept or reject the whole concept, or approve only a phased development, which would mean building the theme park and leisure centre, and postponing the hotel and marina. In that case there might have to be a rethink on the financing structure, but under the original plan at least one third of the project should

come from equity and the rest from commercial loans. The development company's Given the high cost of air financial consultant, Dr Wolf-



## **Facts and figures** about Zallag

Zallaq Tourism and Development Company (under formation): (under formation):
Authorised capital: BD 40m (\$106m) of which
BD 500,000 issued and paid up.
Foundings shareholders: Unitraco WLL, Transitec Gulf WLL (both members of the
Unitag Group) and Projects SA. Local, Gulf
and international investors will be invited
to participate.

and international investors will be invited to participate.

Object: the founding shareholders were given exclusive rights to form a development company for a resort project in Bahrain, and a 25-year lease on a 4km strip of foreshore owned by the Central Municipal Council.

Chairman: Sheikh Ebrahim bin Hamad Al Rhalifa, member of Bahrain's roling family and chairman of Projects Group, Also vice-chairman of two locally-incorporated banks.

banks.
Vice-chairman: Mr Mohamed Zubari, a director
of Unitag Group (in which there are
important Al Khalifa family interests).
Project managers: Alistair McCowan & Partners, consulting engineers: A division of
Alison & Hutchinson & Partners of Edipburgh.

Alison & Hutchinson & Partners on Euroburgh.
Financial co-ordinator: Dr Wolfgang Fahrenkamp, a Munich investment consultant.
Managing and general contractor Tarmec Overseas Ltd of UK in joint venture with Bahraini contractor Abdulla A. Nass mac-Nass will take a 7.5 per cent equity stake in the development company.

Estimated construction period: three years.